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NEWS SUMMARY

GENERAL

U.S. in warning to North Korea

Dr. James Schlesinger, U.S. Defence Secretary, warned that the U.S. would react vigorously if North Korea tried to take advantage of its defeat in Indo-china to launch another attack on the South.

At the same time, Dr. Schlesinger admitted that the cost of the recovery of the Mayaguez was likely to prove much higher than at first thought. The latest casualty list, he said, showed that five U.S. servicemen were killed in the abortive assault on Koh Pang island and 19 are still missing.

In Thailand, Foreign Minister Major-General Chaonhaven told demonstrating students that if Washington had not apologised by Tuesday night for using the U-Tapao base as a launching pad for the rescue operation, he would recall the Thai ambassador to the U.S. Back Page

Arab guerillas retaliate

In Jerusalem, a time bomb exploded near a petrol station in the Arab sector. Guerilla organisations in Beirut claimed responsibility for explosions in the region to mark the 27th anniversary of Israel's founding. About 20 people were wounded when a bomb hidden in a picnic basket exploded at a Dead Sea swimming resort.

Lebanon says nine children were killed when a mortar shell exploded outside the southern village of Aitaroun. Page 5

Krugerrand deals—two charged

Two Swiss nationals will appear at Uxbridge Court to-day, charged with trying to evade the Budget prohibition on the importation of Krugerrands without authority following a two-week inquiry by Customs officers into deals involving thousands of pounds. A London dealer in the coins may be implicated.

Loyalist split

North Down's Ulster Defence Association has broken away from the main Protestant para-military organisation because it claims members were subjected to severe intimidation by "thugs from the East Belfast UDA." The body of a 17-year-old Catholic youth was found in a lay-by in Rathfriland, County Down.

French N.-tests

France will conduct several underground nuclear tests in the South Pacific this year, according to Defence Minister Yvon Bourges.

28 hurt in crush

Twenty-eight people, mostly youngsters, were taken to hospital with bruises or cracked ribs after being crushed in crowds at a BBC Radio 1 Funday at Mallory Park, Leicestershire. The circuit was packed for motor-racing and a pop concert.

EEC support

Louis Harris poll in to-day's Daily Express says that 64 per cent. want Britain to stay in the EEC, 24 per cent. want Britain to leave and 12 per cent. don't know. Referendum news, Page 7

Derby favourite

French colt Green Dancer was made 7—4 favourite for the Epsom Derby after his comfortable victory in the Prix Lupin at Longchamp. Racing Page 2

Briefly . . .

Quebec construction workers have been ordered to return to work on the Olympic Games site to-day. Page 5

University of East Anglia in Norwich is being asked to release some of its land so that students can grow their own food to cut their cost of living.

Athletics: Filbert Bayi (Tanzania) clipped one-tenth of a second off Jim Ryun's world record for the mile with a time of 3 min. 51 sec. in Kingston, Jamaica.

BUSINESS

Chrysler pressing on with proposals

● CHRYSLER is pressing ahead with its proposals for profit-sharing and employee participation, despite the strike at the Coventry engine factory which has halted the company's U.K. car production and made 7,000 workers idle.

Details of the programme, by which Chrysler hopes to secure a year's freedom from strikes, and higher output, are to-day being put to union officers and shop stewards representing 27,000 employees.
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● BRITISH LEYLAND'S new integrated car division is to have three separate manufacturing organisations for large, medium and small models.
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Leyland has accepted the proposal by an independent inquiry that the 250 Cowley engine tuners who struck in January over a claim for skilled status should be in a special category.
Page 7

● MONEY supply has risen by 4 per cent., seasonally adjusted, over the past three months to mid-April, Bank of England figures show.
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● PETROMIN — the Saudi Arabian Government's oil company—is embarking on an industrial development programme calling for an investment of some \$13bn.-\$14bn. over the next five years.

● WEST GERMAN Bundesbank analysis of German economic statistics for March shows a slack domestic economy and a sharp fall in export orders.
Page 5

Call for export planning pacts

● GOVERNMENT should make planning agreements with Britain's leading export companies "as a matter of extreme urgency" and if necessary should use its price-control powers to make the policy bite, a Labour Party and TUC research departments' joint recommendation says.
Back page

● BRITISH senior managers are worse-paid than their equivalents in other major industrialised countries, a special study for the CBI shows.
Page 4

● DIRECT linking of wage increases to the cost-of-living index, with a deliberate time-lag, could lower the rate of U.K. inflation to 11 per cent. per annum by mid-1976, Sussex University Institute of Manpower Studies says. Page 4

● LEADERS of 60,000 chemical industry workers are considering a revised pay offer which would increase the industry's minimum rate by more than 30 per cent.
Page 7

● NUR will recommend its members to go on strike if the arbitration tribunal considering its 30 per cent. pay claim does not propose a sufficient award, union president David Bowman warned.

● NATIONAL Association of Justices Clerks' Assistants wants a substantial pay rise in July followed by talks on a new salary structure.

● NISSAN, the Japanese manufacturer of Datsun cars, shipped 13,039 vehicles to Britain last month, an all-time record and more than 10 times as many as its shipment in April 1974.
Page 4

COMPANIES

● BURMAH Shareholders Action Group plans to call its own shareholders' meeting an hour before the Burmah AGM.
Page 4

● HAMMERSON PROPERTY and Investment Trust directors have had to reappraise completely objectives and future policies in the light of events of the past year, chairman Mr. S. Mason says.
Page 24 and Lex

Mixed reception for Jack Jones' plan

Pressure grows for new measures on wage restraint

BY JOHN BOURNE AND ROY ROGERS

The increasing pressure on the Government to take measures to reduce the level of settlements in the next round of annual pay negotiations due to begin in the autumn is understood to be a major influence behind plans for a revised form of voluntary wage restraint put forward by Mr. Jack Jones, general secretary of the Transport and General Workers Union.

Although his proposals, which include common flat rate increases related to the cost of living, drew criticism from some other unions yesterday, they indicate the growing awareness among union leaders of the need to trim pay settlements from the present level of about 30 per cent.—a figure way above the 20 per cent. set by the social contract wage guidelines.

Mr. Denis Healey, Chancellor of the Exchequer, and other senior Ministers, will try to persuade the unions to exercise restraint voluntarily, and to-day's meeting of the Labour Party-TUC liaison committee will be part of this process.

Mr. Healey, who will attend the meeting, is believed to regard as hopeful Mr. Jones' call for a new wages pact.

One high Whitehall source said yesterday that it would be very encouraging if all workers and employers could accept Mr. Jones's formula — linking wage rises to the cost of living and average earnings.

"On the cost of living basis, this would mean wage increases of 10 per cent. less than we have been having in the current wage round," he added.

He also thought that the Prime Minister had shown he was willing to bring the CBI into a collective bargain—another idea floated by Mr. Jones—although he was opposed to a third Jones proposal: import controls.

Mr. James Callaghan, Foreign Secretary, said in a London Weekend "Week-end World" interview that he found Mr. Jones' speech, suggesting the introduction of a flat rate for pay increases, was something that needed to be looked at very seriously.

Freeze

It was something which could help Britain in the long-run situation, he added, and would be discussed at to-day's meeting with the TUC.

He appeared less enthusiastic about Mr. Jones's proposal for a price freeze, "because Mr. Jones was talking about a certain increase in wages and not a wage freeze."

At the week-end Mr. Healey, in an American TV interview recorded in London last week, repeatedly assured U.S. viewers that the Labour Government would shortly be taking measures to ensure that the rate of wage inflation next year was a good deal lower than in this one.

But he made it clear that he saw little chance of preventing unions that had not yet made new wage settlements this year from achieving increases similar to those already conceded to other groups of workers.

"We cannot realistically expect a substantial reduction in the next month or so," he said.

Also he seemed still to be convinced that a voluntary, rather than a statutory approach to wage restraint, was the only solution.

The reaction of Treasury Ministers in London was that Mr. Healey's approach did not have in mind any package of emergency measures after the Common Market referendum on June 6. Any package, it was said, would be kept in reserve until the Government and the TUC talks on new wage guidelines for the next round of claims had broken down, if they did.

Such a package, it was maintained, would have to include an even more severe cutback in expenditure on the social services, although it was stressed that the Treasury had not yet

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Editorial comment Page 10

Major AUEW row likely over Scanlon vote ruling

BY ROY ROGERS, LABOUR CORRESPONDENT

A MAJOR ROW involving the possibility of legal action is about to erupt in the already politically split Amalgamated Union of Engineering Workers after a week-end ruling by its Left-wing president, Mr. Hugh Scanlon, which signalled the end of the postal balloting system of electing AUEW officials.

Yesterday Mr. John Boyd, staunch anti-Communist AUEW executive member who is expected to be declared AUEW general secretary when the results of what may be one of the union's last postal ballots are announced to-morrow, predicted a "terrific groundswell" of opposition to Mr. Scanlon's decision.

He felt the opposition would be such that the union's national executive would be obliged to recall the union's rules revision conference—not due to meet for another five years—to reconsider the postal balloting issue.

However, Mr. Boyd's expected success in the election for general secretary could, ironically, prevent this happening, for as general secretary he would lose his vote on the executive. Until an election is held to fill Mr. Boyd's Scottish executive seat, the executive would be balanced evenly with the Left and Right with three votes each and Mr. Scanlon holding the casting vote.

The union used to elect its 180 officials by votes conducted at branch meetings which tend to be well attended by militants but attract few others, a system which was steadily drifting the union towards the Left. But five years ago the 52-man rules revision conference decided, by a majority of only one vote, to switch to a postal system.

Since then, the Left has mounted several attempts to reverse the decision, the last only a fortnight ago when the rules revision conference voted 27-25 to continue with postal balloting. Last week, however, as the conference was drawing to a close, the Left challenged the credentials of two delegates from Wales who, it was later decided, were not properly qualified to attend. Their votes were discounted, with the result that Mr. Scanlon was left to decide the future of the voting system with his casting vote.

Mr. Boyd commented yesterday that the decision to exclude the Welsh delegates had been taken on a "very, very thin and indefensible reason." He was "surprised and saddened" by what he considered a very "irregular" situation.

In the earlier debate on the issue, Left-wingers had opposed the postal system on the grounds of cost—they calculate it costs more than £400,000 a year as opposed to about £40,000 under the old system—and the fact that it is more vulnerable to interference from outside influences including the media.

They did not mention the fact that under the postal system their own influence has declined and that Left-Wingers have made a very poor showing in recent ballots, although this was obviously very much in their minds.

Under the postal system, at least three long-serving Communist AUEW officials have been unseated and in the first round of the election for general secretary Left-wing candidate Mr. Bob Wright came well behind Mr. Boyd, who had made several unsuccessful challenges for Mr. Scanlon's post under the old system.

Neither side disputes the fact that under the postal system the level of participation in AUEW ballots—which, for almost all posts, come round every three years—has jumped from about 5 per cent. to about 30 per cent.

On past form, this is now expected to revert to the old levels which should give the Left the opportunity to strengthen its dwindling influence in Britain's second largest union.

Much of the argument over cost would be removed if the Opposition is successful with a proposed amendment to the Employment Protection Bill. This would allow Government financial support for postal balloting for trade union national officials.

Anti-trust case against IBM opens in New York to-day

BY GUY DE JONQUIERES — NEW YORK, May 18.

THE U.S. Justice Department's anti-trust case seeking to break up International Business Machines finally goes on trial in New York to-morrow after more than six years of laborious preparation and many delays.

It is widely regarded as one of the two or three most important trust cases this century, comparable in its implications to the U.S. Government action which led to the break-up of Mr. John D. Rockefeller's Standard Oil Company in 1911.

The conclusion will probably not be reached for several years. Judge David Edelstein, who is presiding over the trial, has estimated that he will need at least one year to hear arguments and a further year to write his opinion, and it is quite possible that there will be an appeal against his ruling.

The proceedings have been further complicated by the still unresolved anti-trust action brought against IBM by Telex, a smaller manufacturer of computer peripheral equipment. The case was initially decided in favour of Telex in 1973, but that ruling was largely reversed by a Federal Appeals Court earlier this year.

Telex plans to take the case to the U.S. Supreme Court later this month. But some anti-trust experts believe that if the Appeals Court judgment is allowed to stand it could seriously jeopardise the prospects for the Government's case, and might cause the Justice Department to try to negotiate a compromise settlement with IBM out of court.

Such an outcome would inevitably fall far short of the Justice Department's stated objective of breaking the company into "several discreet, separate, independent and competitively balanced entities" so as to "dissipate the enormous market power of the current IBM computer manufacturing and marketing structure."

The Government has based its action on the allegation that IBM has violated the Serman Anti-Trust Act by using a variety if illegal practices to suppress competition in order to establish and maintain a monopoly of the electronic data-processing market.

The Government takes issue with IBM's pricing and marketing methods and accuses it of deliberately planning the design and introduction of models in such a way as to throw competitors off balance. In some instances, it is alleged, IBM has under-priced equipment in order to drive its competitors out of the market.

The Government's case, which is supported by a mass of documentary evidence, is wide-ranging in its scope. Originally, its attack was focused mainly on the market for mainframe computers, but it was later broadened to include peripheral equipment as well.

IBM's defence, as outlined in its pre-trial brief, is based on the argument that the company's success stems entirely from its ability to meet its customers' demand by designing and manufacturing sophisticated data-processing systems.

Tracing the history of the computer industry, IBM denies charges that it has driven competitors out of business by unfair means, arguing that they left the computer field for reasons of their own. Its lawyers seek to depict the company not as a monolithic monopoly but as a vigorous innovator, for which every new product line is a major gamble.

Benn opposes Herbert plan

By Kenneth Gooding, Industrial Correspondent

CLOSURE OF machine tool group Alfred Herbert's Red Lane, Coventry, factory with the loss of about 450 jobs is being strongly opposed by Mr. Anthony Wedgwood Benn, Secretary for Industry, during the present talks about the financial rescue operation for the company. Mr. Benn said yesterday that his department's proposals on Alfred Herbert would go this week to his Industrial Advisory Board.

The Red Lane plant was at the centre of the only disagreement between Herbert's management and unions when they presented joint proposals to Mr. Benn 18 days ago.

The Herbert employees argue that Red Lane should be kept open on strategic grounds because it is the only factory in Britain making heavy grinding machines for the steel industry.

Mr. Benn, according to unofficial reports of recent meetings between Government, management and unions has come down firmly on the side of the employees in disagreement about Red Lane.

Apart from the Herbert management, consultants Peat, Marwick, Mitchell and Co. in an interim report have also maintained that without closure of Red Lane and the radical re-organisation this would involve no commercially acceptable scheme for the company could be produced.

Mr. Benn has apparently insisted that Red Lane should continue operating, however long this might delay Herbert's return to profitability.

Shah predicts autumn rise in oil price

BY PAUL LEWIS, U.S. EDITOR — WASHINGTON, May 18.

A FURTHER rise in the world price of oil this September was predicted here over the weekend by the Shah of Iran at the end of his State visit to the U.S.

At a Press conference yesterday, the Shah said that he expected the nations of the Organisation of Petroleum Exporting Countries to increase the oil price again in order to compensate, at least partially, for recent inflation

He claimed that world inflation had already robbed the oil producers of some 30 to 35 per cent. of the purchasing power of their revenues—although he did not believe that the price of oil would be raised by this amount

However, he pointed out that OPEC has only agreed to maintain current prices until September, adding "I would not be surprised if there was an increase in prices then."

The Shah said he still believed that the world oil price should be tied in some way to the rate of global inflation and he professed to be undismayed by Dr. Kissinger's firm rejection of such indexing in his Kansas City speech on raw material prices last week

The Shah also professed to be quite unconcerned by Western attempts to break the OPEC cartel by reducing its consumption of oil. He said that OPEC would cut back production to prevent a real glut developing and that current talk of excess supply was "more propaganda than reality."

If there was any excess of supply at the moment, he attributed it to the mild winter in Europe and the general economic recession in the West. Should Iran be forced to cut output further by conservation in the consuming countries, the Shah warned that he would merely reduce aid to other developing nations, like India, Pakistan and Egypt.

The Shah predicted that the world's oil reserves would last only another 25 to 30 years and he therefore encouraged the development of alternative energy sources, including coal, tar sands and atomic energy.

Nuclear

He confirmed that Iran still wants to build a chain of nuclear power plants, at least eight of which would be purchased from the U.S.

However, final agreement on this sale is being held up by a dispute over Iran's insistence that it should also be allowed to build a nuclear fuel reprocessing plant, which would permit it to separate plutonium and uranium 235 from spent fuel.

Both substances can be used for making new fuel or atomic weapons. But the Shah insisted yesterday that Iran still stood by its pledge not to acquire atomic weapons under the nuclear non-proliferation treaty—and that he would like to see the Gulf area declared a nuclear-free zone.

The Americans take the view that a reprocessing plant would not become economical until Iran had several fully functioning nuclear power stations, which is probably about ten years away. In the meantime, the plant might appear provocative to other nations in the area.

BSC jobs compromise likely

BY LORELIES OLSLAGER, LABOUR STAFF

THE BRITISH Steel Corporation is expected to tell trade union leaders to-day that it is prepared to modify its controversial plan for more than 20,000 redundancies this year, thus possibly opening the way for a mutually agreed solution.

Representatives of unions interested in the steel industry will formally tell the corporation that they reject the plan for immediate closure of high-cost works and redundancies announced two weeks ago.

As an alternative, the TUC steel committee will say it is prepared to consider voluntary redundancies where overmanning exists, provided there is full consultation at local level, and to accept the elimination of all "unnecessary" overtime.

At the moment, it is estimated that BSC pays more than £50m. in overtime a year, and a high proportion of this cost could be eliminated under the union's plan.

The unions will also urge the corporation to share out the available work between high and low cost plants.

BSC is believed to have already studied the unions' plans, particularly the prospects for voluntary redundancies and natural wastage. It is also examining sharing work between high- and low-cost plants.

Most unions are said to be confident that the spirit of bitterness in which the debate over BSC's plans has been conducted so far will to-day give way to the search for a compromise.

Mr. Bill Sirs, the incoming general secretary of the Iron and Steel Trades Confederation, has written to Mr. Anthony Wedgwood Benn, Secretary for Industry, saying that he does not think a meeting between the unions, BSC and the Government is needed.

The unions' alternative strategy called for such a tripartite meeting, first suggested by Mr. Benn, if to-day's talks should fail.

Mr. Michael Foot, the Secretary of State for Employment, speaking in his steel constituency of Ebbw Vale yesterday said the Government had not accepted or approved the BSC proposals.

It was not possible for the corporation to dismiss some 20,000 people without fullest consultation with the Government and the cooperation of the unions. The redundancy scheme was still only a proposal and "I don't believe it can be carried out in Ebbw Vale," he said.

LOMBARD

Invalidating the referendum

BY C. GORDON TETHER

THE PURPOSE of the Common Market referendum is, of course, to let the British people decide, once and for all, whether they want to participate in the "European Vision" or retain the independence they have enjoyed for a thousand years. It will be a great pity if, in the end, it fails to achieve this objective because it has become possible to argue—with justice—that it was conducted under conditions which effectively rendered the outcome constitutionally invalid.

Yet the sad fact is that this is precisely the situation we seem to be heading for—thanks to the Government's failure to insist that the precautions taken to see that democratic processes are not interfered with at General Elections have an even greater relevance to a vote that is concerned with an issue of an epoch-making character.

Last Monday I drew attention to the affront to democracy which is implicit in the fact that absolutely no attempt is being made to establish a balance between the sums of money that the two sides of the referendum argument can deploy for propaganda purposes—the actual figures are to be revealed only after the voting is over when, of course, it will be too late to do anything about the disparity.

The result is that, in this field, the pro-Marketeers—with the money-bags of the whole of the EEC's business system to call on—are operating at an immense advantage over their opponents.

Influence

In this article, I want to ring round another scandal that is in some senses even more deplorable—the exercise of "undue influence" on voters' behaviour.

Mr. Frere-Smith, head of the Get Britain Out Referendum Campaign, pointed to one form of "immoral pressure" of this kind when he asserted recently that there are people in banks, insurance companies, industrial companies and other business bodies who would like to work for the anti-Market cause but are terrified of what would happen if they were seen to be doing so.

In many cases the fear arises because, their organisations having publicly identified themselves with a pro-Market cause they know that they are going to be more than a little unpopular with their superiors if they are spotted "aiding the enemy." In other cases—and I have myself met a number of people who have been "immobilised" in this way—it has been specifically made clear to employees that their involvement in political activity during the referendum campaign period was not desired.

This is bad enough. But what is even more lamentable is the immense drive the business system has embarked upon to procure the mass conversion of employees to pro-Marketism by virtually threatening them with the loss of their jobs if they refuse to vote in the way they are being told they should do.

Not only have workforces been bombarded with the customary—unsubstantiated—waffle about the disaster that would befall all those living in these beleaguered islands if Britain were to withdraw from the Community. In some cases firms have actually gone to the lengths of indicating the number of workers in their plants who would—allegedly—be rendered unemployed in such circumstances. In others, they have implied that they would transfer production elsewhere, with the same unfortunate results for the workers they are seeking to indoctrinate.

With impunity

The rules that govern General Elections in this country stipulate that the offer or promise of a situation or employment to a person with the intention of influencing the way in which he votes is bribary. They also lay down that, to make use of or threaten to make use of any force, violence or restraint in order to influence another person's voting behaviour is to be guilty of a corrupt practice. The same applies to inflicting any temporal or spiritual injury, damage, harm or loss on another person for the same purpose.

Thus in a General Election, the action of an employer in instructing his staff to vote in one way rather than another as a means of keeping their jobs might well be held to be bribery. Similarly, trying to get votes by threatening workers with harm or damage arising from the scaling down of industrial plants or their transfer elsewhere could well attract a charge of corruption.

Sadly, the Government is behaving as though such mischiefs can be perpetrated with impunity in the referendum. Yet the fact that "authority" is sanctioning such affronts to democracy does not mean that they have to be accepted without question. And if the referendum does result in a "yes" out-turn, anti-Marketeers will certainly be on good ground in holding the result null and void by reason of the malpractices the victors employed to achieve it.

In any case, one would have thought that a vote to stay in the EEC procured in such fashion would be a decidedly unsatisfactory political base from which to move forward into the great unknown of European integration.

THE WEEK IN THE COURTS

Striking a balance on contract damages

BY JUSTINIAN

A PERSON who has suffered loss as a result of a breach of contract can always come to the courts and ask for damages. That may often be a lengthy and uncertain process. And so the law offers an alternative, particularly where damages would be an inadequate remedy, in the form of an interlocutory injunction. This is a speedy remedy whereby the wrongdoer may be directed to refrain from doing something until the trial of the action. Often the obtaining of the interlocutory injunction concludes the issue; the party wronged is content to prevent any further damage.

The Court of Appeal last week in *Hubbard v. Pitt and others**, by a majority, granted, pending the trial of the action, an injunction to a firm of estate agents in Islington to stop members of a tenants' association from picketing outside the estate agents' office in Islington's main shopping street protesting against the practices of the estate agents.

The principles upon which courts are currently willing to step in and order one party to desist from causing loss to another have become the subject of much controversy. Until a couple of months ago, the understanding of the legal profession was that the person invoking the aid of the courts had to make out a prima facie case that he had a good chance of winning the case, if and when it came to trial.

Recoverable

Then the House of Lords held that the courts no longer had, first, to ask themselves whether the complainant had made out a prima facie case. He had only to satisfy the court that there was a serious issue to be tried. If there was, the court should act to preserve the status quo, thus making life considerably easier for complainants.

The trouble about the newly-formulated principle is that an interlocutory injunction might be given to a party that would more often fail to succeed in its claim at trial. Thus an injustice would be perpetrated upon the party injuncted, even though the person failing ultimately in his action would have to pay damages for wrongly obtaining the injunction in the first place.

Where injunctions are sought for breaches of contract, the alternative remedy of damages may be anticipated by the contracting parties in their contract. Their contract may provide for the payment of a sum of money by one party to the other in the event of the former's breach of contract. Such a stipulation of the amount payable in the event of breach has obvious advantages, in that it avoids the difficult task of assessing the actual damages suffered, if and when the court comes to make the award. The disadvantage is that the stipulated sum may in fact be vastly in excess of what actually turns out to be the loss suffered.

For a long time the courts have adopted an interventionist attitude. They have exercised power to decide whether or not the agreed sum should be payable. Recognising the potential injustices that would be perpetrated, the law has established a distinction between "liquidated damages," which are recoverable, and a "penalty," which is irrecoverable. But when is a stipulated sum of money a penalty, and thus irrecoverable? The answer of the courts has been, when the liquidated damages are a "genuine, covenanted pre-estimate of damage."

Consequences

Now the Law Commission, in a working Paper,† has reviewed the law on the subject, and come up with the conclusion that there should be no radical change in the present law relating to penalty clauses in contracts. But, in view of the discussion currently going on by legal experts assembling at Strasbourg at the Council of Europe, the Law Commission asks for comments on the use of penalty clauses.

The Law Commission rejects two possible reforms. It does not advocate a hands-off policy, enforcing penalty clauses without any judicial control. It similarly rejects the idea that none should be enforced. The choice lies between enforcing the stipulated damages if they are reasonable at the time when they are contractually made, and enforcing them if reasonable in the light of all the circumstances, including in particular the actual breach.

The Law Commission endorses the current policy of the courts that some intervention is desirable. But intervention should stop short of a wide-ranging inquiry as to the post-breach moment when the agreed damages are potentially payable. To judge the validity of a penalty clause by reference to circumstances as they exist after the breach would mean the introduction of a high degree of uncertainty, when the precise object of fixing the amount of damages to be payable is to provide certainty. The Law Commission is unpersuaded that the objection to the present rule, that as things turn out the loss suffered may be negligible (so that the stipulated sum exceeds the loss to a disproportionate extent) outweighs the advantage of an easily applied and intelligible rule.

**Times Law report, May 13, 1975.*
†*Working Paper No. 61: Penalty Clauses and Forfeiture of Monies Paid (HMSO, 59p)*

LAWN TENNIS — BY JOHN BARRETT

Orantes crushes Vilas

AFTER THE volatile happenings of last Friday, yesterday's delayed men's semi-finals in the Coca-Cola British hard court lawn tennis championships at Bournemouth were both anti-climatic. In the first, top-seeded Guillermo Vilas (Argentina) was beaten 6—2, 6—2 by fellow left-hander Manuel Orantes, the Spanish hero of Britain's recent Davis Cup defeat.

Then unseeded Patrick Proisy of France, profiting from the disqualification of second favourite Ilie Nastase, allowed the volleying coups of New Zealand's lanky Onny Parun, to founder 6—4, 6—1 against his passing shots and lobs.

In both matches, the new ruling imposed upon the reluctant court officials by a desperate but realistic committee, was patently succesful, as twice in each match, the players themseves resolved difficult calls with perfect equanimity.

The outcome is worth a moment's digression, for lack of confidence in the handling of a match — and, more importantly, the sometimes intransigent attitude of the officials—has been the cause of many regrettable outbursts by players over the years.

Too often, officials no longer in their prime and subject to no eye test or age limit, are affecting the livelihoods of keen-eyed young athletes who, themselves, are liable to suspension if their court behaviour falls below accepted standards.

There is clearly a measure of injustice here, and the urgent action taken by the Bournemouth committee, while against accepted practice, points the direction that must be followed if last week's scenes are not to be repeated. The Wimbledon committee will doubtless be discussing this issue in the next few days.

Deadly

An interesting corollary to these happenings has been the invitation extended by France to referee Capt. Mike Gibson, to act for the first time as referee in their Davis Cup-tie against Yugoslavia in Paris next weekend. Clearly his firmness in dealing with Nastase has been appreciated elsewhere.

On a court left heavy and dead by Saturday's incessant rain, the precision-tuned game of Orantes was deadly in its accuracy as Vilas tried vainly to upset his rhythm. The Argentinian, in only his third competitive event of the year, looked short of match practice as he repeatedly ended the long rallies by making an unforced error.

Gone was the awesome power and penetration of that top-spin backhand that we saw in Melbourne last December where he won Commercial Union Masters title, even on unfamiliar grass. Yesterday, he could only hope that Orantes might fall from his own high standard. But Spanish nerves held firm.

The women's title and £2,000 went to U.S. Wightman Cup player, Janet Newberry, who beat her near neighbour from La Jolla, Terry Holladay, 7-9, 7-5, 6-3, in an entertaining final.

In the women's doubles Lesley Charles and Sue Mappin beat South Africa's Linky Boshoff and Greer Stevens 6-3, 6-3—the British pair's 18th tournament victory in the 17 months they have been playing together, and their first national title.

CRICKET — BY TREVOR BAILEY

Picking England's Cup squad

THERE IS a world of difference between Test and limited-over cricket, and let us hope that our new selection committee appreciate this when choosing the England squad for the Prudential World Cup next weekend. In the past, the one-day internationals were used as rewards for services in the current Test series and as trials for the coming overseas tour.

However, these internationals, coming at the end of the tour, were not treated as seriously as they will be this summer.

Although Cartwright missed most of last summer through injury and is nearing the end of his career, he is easily the most feared bowler in domestic one-day cricket. He bowls straight, his length is immaculate and he moves the ball off the pitch either way.

One of the strongest features of English county cricket at the present time is the number of competent fast medium, and medium paced seamers, who are also good strikers of the ball and brilliant fielders.

Any of the following are capable of doing well in the World Cup in all three departments; Wolmer (Kent), Jackman (Surrey), Old (Yorkshire), Jesty and Taylor (Hants.), Turner (Essex), Wood (Lancs.), while Snow for short spells remains potentially the most dangerous fast bowler in the country.

If the three squad certainties, Greig, Knott and Underwood, are added England would have an economic attack, a hard hitting middle order and some athletic fieldsmen. This leaves room for five pure batsmen, though it may be felt necessary to include another all-rounder as cover for one of the principal five bowlers.

This is where the selectors' problems really begin. Despite accurate bowling and well-placed defensive fields, on true pitches, top-class batsmen are still regularly producing match-winning scores in one-day cricket. The names which spring to mind are Majid, Clive Lloyd, Richards, Iqbal, Davison, predominantly overseas cricketers.

For the World Cup, I would gamble on three stroke-makers, Jameson, Hayes and Hampshire, and give the other two places to Amiss and Fletcher, providing both have recovered from their Australian traumas. Boycott, of course, is our most accomplished bat and could be a great asset.

As it is relatively easy to captain a first-class side in a limited over game, who leads England in the World Cup is not nearly as important as who skippers England against Australia later in the summer.

Thanks to a friendly draw, our national eleven can hardly fail to reach the semi-final and, there is a reasonable chance of them carrying off the World Cup. But, unless it rains, I am less hopeful about the Ashes.

GOLF — BY BEN WRIGHT

Sandy, 17, wins title

SANDY LYLE, 17-year-old son of the professional at Hawkstone Park, Shropshire, became the youngest winner of the Brabazon Trophy for the English Open amateur stroke play championship at Nottinghamshire Golf Club, Hollinwell, when he held off the vastly experienced former Walker Cup player Geoff Marks, 36, another Midlander, by two shots as they battled alongside each other through 36 holes on the final day.

Lyle had rounds of 73, 76, 77 and 72 for a ten over par total of 298 on this immensely long and perhaps the best, inland golf course in Britain. Marks had rounds of 71, 78, 80 and 71 for a total of 300 to be another two strokes clear of the only Walker Cup player to acquit himself with some credit ten days before the match against America at St. Andrew's, Richard Eyles.

Eyles scored 75, 77, 77 and 73 for a total of 302. At 304 came the Derbyshire champion Paul Baxter, at 305 Mike Kelley and Tim Giles and at 306 the next Walker Cup player, Peter Hedges, who finished alongside Scotsman Steve Martin and Peter Davidson of Tynemouth.

Alas, the most promising golfer in the field, Nick Faldo, a 17-year-old from Welwyn Garden City who has been playing golf less than four years and worked through the winter as a carpet fitter, destroyed his chances, having taken a one-stroke lead over Lyle, and four over Marks at lunch time after a third round of 74.

This 6ft. 3in. youngster appears to have outgrown his strength. Having missed two short putts at the fourth and fifth he tangled with a bush from the seventh tee, took 7, was out in 41 and thereafter never a factor.

The other challengers to the immensely talented Lyle also gradually fell by the wayside until it was only his stocky, grizzled partner, Marks, who could prevent the Shropshire lad from passing another notable milestone in an already distinguished career.

Lyle has already created a record by being captain of the England boys' team for two years, but television viewers will remember him for his marvellous performance in the Open Championship at Royal Lytham last July.

Faldo finished on 81 for a total of 306 and a place in the notebook of the most shrewd observes here as one to watch for the future.

HORSE TRIALS

Tough tests at Tidworth

By Michael Deme

MISS GERALDINE WILSON, ri... ing her nine-year-old chesn... gelding Pressos, won the senio... section of the Army Horse Trial... at Tidworth in Wiltshire yeste... day. Having established a goo... lead in the dressage phase, sh... backed it up with one of th... fastest times across country o... Saturday, so that she entered th... final show jumping phase yeste... day with 11 points in hand. Wit... a clear round, however, sh... emerged the ultimate winner b... a handsome margin.

Second at Tidworth was La... Brookeborough's Village Gossi... ridden by Miss Katie O'Hara, ... combination from Northern Ir... land, where they were second i... the Novice Championships la... year. Third was Welton Playbo... ridden by Miss Katie O'Hara, while fourth was Master Que... tion, ridden by Mr. Julian Se... man.

The senior section w... designed to cater for the mo... experienced combinations o... horse and rider. The remainde... of the very heavy entry wa... divided into three sections.

The Griffin Section was wo... by Mr. Nigel Tabor ridin... Thor IV. The Guiness Sectio... was won by Mr. Richard Walke... on Waterventure; the Ci... Section by Miss Valerie Banks o... Tempest of Blisland.

Tidworth, sponsored by th... Midland Bank, more than prove... its value as a three-day event i... the horse trials calendar b... enabling many riders to te... their younger and less exper... enced horses, particularly as th... bad weather in recent weeks ha... led to the cancellation of severa... other fixtures.

The course had suffered som... of the worst weather for man... weeks, but although the whol... of the speed and enduranc... phase was run in heavy rain o... Saturday, only 32 horses out o... an entry of nearly 200 we... either eliminated or withdrawn.

YACHTING

Battlecry loses mast

By Alec Bellby

BATTLECRY, one of the leader... in the chase for a place in thi... year's British Admiral's Cu... team, faced disaster in the earl... hours of Saturday when he... mast became entangled with th... Royal Sovereign light towe... during the 225-mile ocean rac... for the Cervantes Trophy.

On arrival back at Portsmouth her owner, Lloyd's underwriter John Prentice, described how a sudden drop in the wind and the easterly running sea swept the yacht towards the tower off Eastbourne, and four feet of her mast becoming entangled in a walkway access. Unable to break free and with her bows pounding against the tower, her crew quickly decided to sacrifice the mast by releasing the backstay support.

The mast then broke 24 feet above the deck. Rigging wa... then cut away and the mas... abandoned overboard. Prentic... now has three weeks to replac... the mast before the officia... Admiral's Cup trials begin.

The race was won by Si... Maurice Laing's and Lesli... Holliday's Loujaine, the 197... vintage Prospect of Whitby, tha... is benefiting from a 1 per cen... age allowance. Second to he... in Class I and second overall wa... Arthur Slater's new Prospect o... Whitby, with the 1973 Prospec... of Whitby, now Ernest Juer'... Brother Cup, third.

RACING — BY DOMINIC WIGAN

Green Dancer 7-4 for Derby

THE BRILLIANT French colt Green Dancer was made 7—4 favourite for the Epsom Derby after a comfortable three-quarters of a length victory over Mariacci in the £127,300 Prix Lupin at Longchamp, outside Paris, yesterday.

Mariacci had inflicted Green Dancer's only defeat as a two-year-old last season. Green Dancer's jockey Freddy Head, son of trainer Alex, said: "This one really is brilliant."

Green Dancer's impressive performance overshadowed the Saturday victory of Grundy in the Irish 2,000 Guineas at The Curragh, which halved his Derby odds to 7—1. Grundy, unbeaten as a two-year-old, and owned by Dr. Carlos Vittadini, won well and made up for two decisive defeats this season.

I expect Grundy will be accompanied to Epsom by Dr. Vittadini's other apparently high class three-year-old colt, Patch, a ten-lengths winner of the Ladbroke Derby Trial at Lingfield ten days ago. This may leave No Alimony to go for the Irish Derby, won in 1974 by the Seven Barrows representative, English Prince; while another smart colt from the Lambourne stable, Red Regent, may well oppose Val de L'Orne in the French equivalent on June 8.

Turning to to-day's racing, the best betting prospects could well be at Hamilton this afternoon and later on at Windsor, where the evening meeting is due to get under way at 5.50. Denys Smith, equally proficient with his jumpers and those that he trains on the flat, seems likely to win the first on the Scottish trac... the Levy Board Apprentic... Stakes (2.15) with his wife... Better than Ever, and I shall b... disappointed if he cannot collec... two hours later when anothe... once-raced individual of hi... Scorton Girl, goes for the Ma... dora Plate (4.15).

At Windsor, where Brav... Panther should gain his thir... success of the campaign in th... Charing Cross Plate (7.50), Pannini is confidently expecte... to reverse recent placings her... with Pagos Boy in division II o... the Mayfair Maiden Plate (8.50).

HAMILTON
2.15—Better Than Ever**
2.45—Gold Loom
3.15—Parva Prince
4.15—Scorton Girl

PONTEFRACT
2.45—Miss Kissfield
3.45—Northern Fair
4.45—Barsheba

WINDSOR
5.50—Lionmead
6.20—Square Halo
6.50—Distant Cousin
7.20—Photofit
7.50—Brave Panther*
8.20—Premier Cru
8.50—Pannini***

Substantial decline in sales of bloodstock

BY MICHAEL THOMPSON-NOEL

THE 1974 SLUMP in bloodstock prices is chronicled bleakly by the Bloodstock Sales Review and Stud Register, 1975, published to-day.

Total sales in the U.K. and Ireland last year fell by more than one-third to a little under 15m. guineas, compared with 23m. gns. in 1973. Tattersalls, the main U.K. bloodstock auction house, suffered a turnover drop of 5.5m. gns. to 9,831,937 gns., the lowest since 1970. Similar falls were seen at Goff's, Doncaster Bloodstock and Botterills.

In the key yearling sector, combined turnover at the four major yearling sales fell from 10.2m. gns. in 1973, the height of the racehorse boom, to 5.7m. gns. The average price per yearling slumped by 37.8 per cent. to 3,030 gns., only marginally higher than the 1970 average, despite a severe increase in production costs in the intervenin... four years.

Of all yearlings sold last yea... more than one in thre failed t... fetch more than 500 gns.; mor... than half sold for less than 1,00... gns. and fewer than one in fou... topped 3,000 gns.

Because of shortage of cas... high interest rates, fallin... demand and over-production breeders face a situation i... which a record number o... yearlings are "striving desper... ately for the attention of ... dwindling array of buyers."

The number of mares at stu... rose from 13,407 in 1970 t... 18,305 last year.

In the U.S. market the setbac... was far less severe. U.S. blood... stock auction sales last yea... totalled $90.4m., showing a 3 pe... cent. drop on 1973.

Review Publications, 26, Charin... Cross Road, London, W.C.2. £7.25.

TV Radio

† Indicates programme in black and white.

BBC 1

9.38 a.m. For Schools, Colleges. 10.45 You and Me. 11.00 For Schools, Colleges. 12.35 p.m. Stronghold. 12.55 News. 1.00 Pebble Mill. 1.45 Mary, Mungo and Midge. 2.20 For Schools, Colleges. †3.58 Regional News (except London). 4.00 Play School. 4.25 The Clangers. 4.35 Jackanory. 4.50 Blue Peter. 5.15 Hong Kong Phooey. 5.40 Roobarb. 5.45 News. †6.00 Nationwide.
6.55 Whatever Happened to the Likely Lads?
7.25 Star Trek.
8.10 Panorama: For and Against the Common Market: Shirley Williams v Enoch Powell.
9.00 News.
9.25 Kojak.
10.10 Churchill's People.
11.05 Choices For Tomorrow.
†11.28 Regional News.

All regions as BBC 1 except at the following times:

Wales—1.45-2.00 p.m. Pili Pala. 6.00-6.55 Wales To-day. 6.55-7.20 Heddiw. 7.20-8.10 Z Cars. 11.05-11.28 Dewch i Siarad. †11.28 News of Wales.

Scotland—6.00-6.55 p.m. Reporting Scotland. 10.10-10.50 Public Account. 10.50-11.15 Choices For To-morrow, followed by Scottish News Summary.

Northern Ireland—3.58-4.00 p.m. Northern Ireland News. 6.00-6.55 Scene Around Six. †11.28 Northern Ireland News Headlines.

England—6.00-6.55 p.m. †Look North (from Leeds, Manchester, Newcastle); †Midlands To-day (from Birmingham); †Look East (from Norwich); Points West (from Bristol); †South To-day (from Southampton); †Spotlight South West (from Plymouth).

BBC 2

†7.05 a.m. Open University.
11.00 Play School.
1.30-4.00 p.m. Coca-Cola Tennis Championships from Bournemouth.
†5.00 Open University.
7.05 Parents and Children.
7.30 Newsday.
7.45 Look, Stranger.
8.10 The Waltons.
9.00 Rutland Weekend Television.
9.30 Horizon.
10.15 News Extra.
10.45 Open Door.
11.15 Closedown: Gabriel Woolf reads "An Evening Walk," by Jon Stallworthy.

LONDON

9.30 a.m. Schools Programmes. 12.00 Hickory House. 12.15 p.m. Noddy. 12.30 The Great Western Musical Thunderbox. 1.00 First Report. 1.20 Lunchtime To-day. 1.30 Emmerdale Farm. 2.00 Good Afternoon. 2.30 "She's Working Her Way Through College," starring Virginia Mayo and Ronald Reagan. 4.20 Clapperboard. 4.50 Sky. 5.20 The Ghost and Mrs. Muir.
5.50 News from ITN.
6.00 To-day.
6.40 The David Nixon Show.
7.30 Coronation Street.
8.00 Sadie, It's Cold Outside.
8.30 Last of the Best Men.
9.00 Six Days of Justice.
10.00 News.
10.30 Inside The Brussels HQ.
12.00 Against The Odds.

All ITV regions as London except at the following times:

ANGLIA

1.25 p.m. Anglia News. 2.00 Houseparty. †2.30 Monday Afternoon Film: "The Bedford Incident," starring Richard Widmark. 4.13 Cartoon. 5.20 University Challenge. 6.00 About Anglia. 12.00 Anthology.

ATV MIDLANDS

1.20 p.m. Lunchtime Newsdesk. †2.30 Monday Matinee: "The Bedford Incident," starring Sidney Poitier and Richard Widmark. 5.20 University Challenge. 6.00 ATV To-day.

BORDER

†1.25 p.m. Border News. 2.00 Houseparty. 2.30 Monday Matinee: "The Wrong Box," starring John Mills and Ralph Richardson. 5.20 University Challenge. 6.00 Border News and Lookaround. 6.15 Out of Town. †12.00 Border News Summary.

CHANNEL

1.20 p.m. Lunchtime News, What's On Where. 2.00 Play With A Purpose. 2.30 The Monday Matinee: "Key to the City." 5.20 University Challenge. 6.00 Channel News. 6.10 After Six. 12.00 News and Weather in French, followed by Channel Gazette.

GRAMPIAN

1.20 p.m. Grampian News Headlines. 2.30 Flair. 3.00 National Film Board of Canada film. 3.15 Monday Matinee: "A Woman Possessed." 5.20 University Challenge. 6.00 Grampian News. 6.10 Who Are You? 12.00 Evening Prayers.

GRANADA

1.20 p.m. This Is Your Right. 2.30 Monday Matinee: "Lydia Bailey," starring Dale Robertson and Anne Francis. 4.10 Man and his World. 5.15 The Pied Pipers. 5.20 Wait Till Your Father Gets Home. 6.00 Granada Reports. †12.00 Alfred Hitchcock Presents.

HTV

1.20 p.m. Report West Headlines. 1.25 Report Wales Headlines. 2.00 Housecall. 2.30 The Monday Matinee: "Bye Bye Birdie" starring Janet Leigh and Dick Van Dyke. 5.20 Rock on with 45. 6.00 Report West. 6.22 Report Wales.

HTV CYMRU/WALES—As HTV General Service except 1.20-1.25 p.m. Penawdau Newyddion y Dydd. 2.00-2.30 Hamdden. 6.00-6.22 Y Dydd. 8.30-9.00 Yr Wythnos.

HTV West—As HTV General Service except: 1.20-1.30 p.m. Report West Headlines. 6.22-6.45 This is the West this week.

SCOTTISH

1.25 p.m. Road and Weather Report. 2.00 Housecall. 2.30 Feature Film: "Three Came Home" starring Claudette Colbert. 5.20 Women Only. 6.00 Scotland Today. 6.30 Crimedesk. 12.00 Late Call.

SOUTHERN

1.20 p.m. Southern News. 2.00 Houseparty. †2.30 The Monday Matinee: "Only Two Can Play" starring Peter Sellers and Mai Zetterling. 5.20 The Flintstones. 6.00 Day By Day. 12.00 Southern News Extra.

TYNE TEES

9.25 a.m. Starting Point. 2.00 p.m. House Call. 2.30 Monday Matinee: "Jessica," starring Angie Dickinson and Maurice Chevalier. 4.20 Zigzag. 5.20 University Challenge. 6.00 To-day at Six. 6.40 Police Call. 12.00 Late News Extra. 12.15 a.m. The Four Spirits.

ULSTER

1.20 p.m. Ulster News Headlines. 2.00 Woman Only. 2.30 Monday Matinee: "Down To Earth," starring Rita Hayworth. 4.18 Ulster News Headlines. 5.20 University Challenge. 6.00 UTV Reports. 12.00 Monday Night with the Rev. H. L. Uprichard, Rector of Drumbeg.

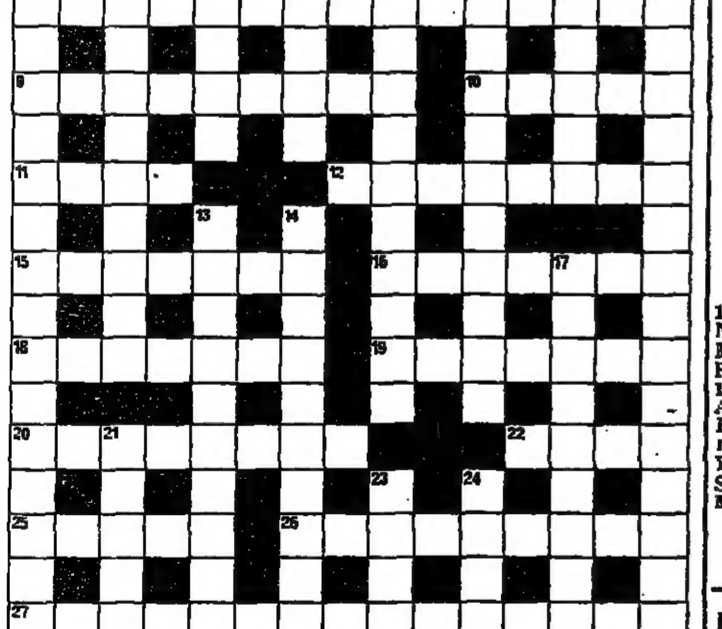
WESTWARD

12.25 p.m. Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 2.00 Play With a Purpose. †2.30 The Monday Matinee: "Key to the City," starring Clark Gable. 5.20 University Challenge. 6.00 Westward Diary. 6.20 Sports Desk. 12.00 Westward Late News. 12.05 a.m. Faith for Life.

YORKSHIRE

1.20 p.m. Calendar News. †2.30 Monday Matinee: "Lord Love a Duck," starring Tuesday Weld, Roddy McDowall and Lola Albright. 5.20 University Challenge. 6.00 Calendar.

F.T. CROSSWORD PUZZLE No. 2,781



ACROSS

1 Retires and breaks a habit with a person's mail (5, 2, 4, 4)
9 Insular, being about to make ground (9)
10 Bumped into a learner producing railway ballast . . . . (5)
11 . . . . and so on, combined before long (4)
12 Cockney mate goes to main part of Pacific (5, 3)
15 Instrument belonging to car in A.A. . . . . (7)
16 . . . . and R.A.C. wire goes astray for fliers . . . . (3-4)
18 . . . . who could be on this manoeuvre when flap ended (7)
19 Powder the face, it collects dirt (4-3)
20 The end is indeed enumerated (8)
22 Left in a sticky mess to become sad . . . . (4)
25 . . . . I moan in return for Elimelich's wife (5)
26 Periods of cricket with ball for people leaving the district (9)
27 Sent my deep shade in error for ignorance (5-10)

DOWN

1 Acquires secret and picks up courage (5, 10)
2 Impractical daydreamer (9)
3 It should be a single-handed game . . . . (4)
4 . . . . or match against your first unfortunate chance (4)
5 Arctic charges should go in this direction (10)
6 Student is half overcoming bad strain (10)
7 Curses start of harvest in cereal (5)
8 Struggle with imaginary opposition as Don Quixote did (4, 2, 9)
13 Little Diana's skill is an incapacity (10)
14 Fight over two notes used in game (10)
17 Drive back about four it's disgusting (9)
21 Soldiers have nothing coming up in port . . . . (5)
23 . . . . to eat with price over one old penny (4)
24 Not new, but objectively we come to editor (4)

The solution of last Saturday's prize puzzle will be published with names of winners next Saturday.

RADIO 1 — 247m

(S) Stereophonic broadcast.

6.00 a.m. As Radio 2. 7.00 Noel Edmonds. 9.00 Tony Blackburn. 12.00 Johnnie Walker, including 12.30 p.m. Newsbeat. 2.02 David Hamilton (S) also on VHF. 5.00 Newsbeat. 5.15 John Peel with Top Gear. 7.00 As Radio 2 until 12.33 a.m. closedown.

RADIO 2 — 1,500m and VHF

6.00 a.m. News Summary. 6.02 Tony Brandon with The Early Show (S). 6.15 Pause for Thought. 7.02 Terry Wogan (S). 8.27 Racing Bulletin and 8.45 Pause for Thought. 9.02-11.30 Pete Murray's Open House (S), including 10.30 Waggoners' Walk. 11.30 Jimmy Young (S). 1.30 p.m. Cricket Scoreboard. 1.55 Good Listening (VHF). 2.02 David Hamilton (S) as Radio 1, but including on 1,500m only (also 202m Scotland) 2.45, 3.45 and 4.45 Sports Desk. 5.02 Waggoners' Walk. 5.17 John Dunn (S), including 5.45 Sports Desk. 6.45 Sports Desk. 7.02 The Impressionists. 7.30 Cricket Scoreboard. 7.32 Alan Dell: 7.32 The Dance Band Days. 8.02 The Big Band Sound (S). 9.02 Humphrey Lyttelton with The Best of Jazz on records (S). 10.02 Sports Desk. 10.05 Tom Edwards with Music Through Midnight (S) and 12.00 News. 12.31 a.m. News Summary.

RADIO 3 — 464m, Stereo & VHF

‡ Medium Wave only

7.00 a.m. News. 7.05 Overture: Haydn, Hummel, Mozart (S). 8.00 News. 8.05 Morning Concert: Wagner, Tchaikovsky, Dvorak, Britten (S). 9.00 News. 9.05 This Week's Composer: Dvorak (S). 9.50 Talking About Music (S). 10.20 Harmoniemusik (S). 11.00 Trio-Sonatas (S). 11.25 BBC Symphony Orchestra: Dvorak, Tcherepnin, Tchaikovsky (S). 1.00 p.m. News. 1.05 BBC Lunchtime Concert (S). 2.00 Mozart and Schubert Piano Duets. 2.55 Orchestral Concert: Beethoven, Liszt, Haydn (S). 3.55 Vierne: Symphony No. 2 in E, Op 20 (S). 4.55 Bandstand (S). 5.25 Pied Piper (S). ‡5.45 Homeward Bound. ‡6.05 News. ‡6.10 Homeward Bound (contd.). ‡6.30 Study on 3. 7.30 Live from Glasgow University: Haydn, George Newson (S). 8.15 Einstein Unintelligibility and Relativity: a review of Einstein's work 50 years after his death by Professor Sir Hermann Bondi. 8.35 Concert, part 2: Haydn (S). 9.25 Thomas Moore. 10.05 Bach Organ Music (S). 10.35 Jazz in Britain (S). 11.25 News.

Radio 3 VHF only—5.45-7.30 p.m. and 12.00-12.20 a.m. Open University.

RADIO 4

434m, 330m, 285m and VHF

6.20 a.m. News. 6.22 Farming Week. 6.40 Prayer for the Day. 6.45 To-day including 6.50 and 7.50 VHF Regional News. 6.55 Weather, programme news. 7.00 News and more of To-day. 7.27 Sportsdesk. 7.35 To-day's Papers. 7.45-7.50 Thought for the Day. 7.55 Weather, programme news. 8.00 News and more of To-day including 8.27 Sportsdesk. 8.35 To-day's Papers. 8.45 David Lloyd James with recordings from the BBC Sound Archives. 9.00 News. 9.05 Start the Week with Richard Baker. 10.00 News. ‡10.05 Wildlife. 10.30 Daily Service. ‡10.45 Morning Story. ‡11.00 News. ‡11.05 Any Questions? ‡11.50 Announcements. 12.00 News. 12.02 p.m. You and Yours. 12.27 Desert Island Discs. ‡12.55 Weather, programme news VHF (except London and S.E.) Regional News. 1.00 The World at One. 1.30 The Archers. 1.45 Woman's Hour (1 from 2.00) including 2.00-2.02 News. 2.45 Listen with Mother. 3.00 News. 3.05 Afternoon Theatre. 4.35 Story Time. 5.00 PM Reports. ‡5.50 Financial Report. VHF Regional News. 5.55 Weather, programme news. 6.00 News. 6.15 Does the Team Think? 6.45 The Archers. 7.00 News Desk. 7.30 Lord Peter Wimsey. 8.00 The Monday Play (S). 9.30 Kaleidoscope. 9.57 Weather. 10.00 The World To-night. 10.45 A Book at Bedtime. 11.00 The Financial World To-night. 11.15 To-day in Parliament. 11.30 News.

For Schools: VHF only—10.05 a.m.-12.00 and 2.00-3.00 p.m.

BBC Radio London

206m and 94.9 VHF

6.00 a.m. As Radio 2. 6.30 Rush Hour. 9.02 Downtown. 11.03 In Town. 12.03 p.m. Call In—1. 12.45 London News Desk. 1.03 Call In—2. 2.03 206 Showcase. 4.03 You Don't Have to be Jewish. 4.32 Home Run, including Traffic information, Scotland Yard Crime Report, Greyhound Tips and What's On (London News Desk at 5.00, 6.00). 7.00 In Town. 8.00 Close-Up. 8.30 Breakthrough. 10.03 Robbie Vincent's Late Night London. 12.00 As Radio 2 until closedown.

London Broadcasting

261m and 97.3 VHF

6.00 a.m. "A.M.": news, interviews, traffic and travel news, plus sport, with Douglas Cameron and Clive Roslin. 10.00 Open Line, with George Gale. 12.00 Newswatch. 6.00 p.m. Newsbreak. 7.30 Music in Stereo, devised by Andrew Carnegie. 1.00-1.05 a.m. Love in London, presented by Adrian Love.

Capital Radio

194m and 95.8 VHF

6.30 a.m. Kenny Everett with 24 hours of music and madness. 9.00 Michael Aspel with music, Features, Advice and Swop-Shop. 12.00 Cash on Delivery, with Tommy Vance and Music. 3.00 p.m. Roger Scott with Music. 7.00 London To-day. 7.30 Open Line. 9.00 Nicky Horne's rock show. 11.00 Tony Myatt's late night on Capital. 2.00 a.m. Night Flight.

Cannes Festival

by NIGEL ANDREWS

There has been no shortage of jokes about the 1975 Cannes Film Festival starting off with a bang. It started with two, to be precise. One was a bomb explosion behind the main viewing theatre on the first morning of the festival. The other was an unidentified blast which woke critics at three o'clock on Sunday morning and was later reported to have been an attempt on the life of a local aircraft manufacturer.

Whatever the ideological import of the two bombs, they seem to have been all that the festival needed. As a cultural event it has been dormant for some time, and last year it seemed close to extinction. This year, the glow of inspiration is back, and if the second week's films are as varied and exciting as the first it looks like being the most rewarding festival for some years.

Two films which will undoubtedly be seen in London before long are Miklos Janeso's *Electra* and Martin Scorsese's *Alice Doesn't Live Here Any More*. Scorsese's new film is a startling contrast to his last, *Mean Streets*: a sprightly, volatile comedy about a young widow (Ellen Burstyn) who sets off on a journey across America with her only son in search of a job, a man and a kind of independence. It's a feminist film, I suppose, but it doesn't deliver its comedy through clenched teeth. The tone is rather one of spontaneity and a deliciously offhand irony, and the film's style is at its best in Scorsese's fast-paced direction and in the marvellously pungent, bitter-sweet performance of Ellen Burstyn.

Janeso's *Electra* transposes the Greek legend to his familiar artistic territory: a windswept Hungarian plain in which horses, naked women and emblems of peasant pageantry thread and re-thread before an ever-moving camera. One cultural tradition meets another, and the result is a cinematic clash of symbols as beautiful and invigorating as anything Janeso—or the recent European Cinema—has given us.

The Electra legend is an apt text for International Women's Year, and it surfaces again in Theo Angelopoulos's *O Thiassos*. The Greek director's last film, *Days of '36*, was a microcosmic account of a small episode in Greek history. In *O Thiassos* the focus has widened to include a perspective of Greek history from 1939 to 1952: political events being seen through the eyes of a small travelling theatre group. The group's leading actress has family problems not dissimilar to those of the aforementioned daughter of Agamemnon, and the film uses the private chronicle of her woes as a brilliantly apt and powerful analogy to the national tragedies of Greece herself.

Usurpation and brutality are the stories common to both, and Angelopoulos's film unfolds in a series of tragicomically bitter scenes from which no one—least of all the British—emerges with credit. The film is four hours long, but only in the last hour—in which the Greek Communist Party is built up as the country's lost saviour—does the weight of political didaction make it drag its feet.

Three other films are worth mentioning for their curiosity value. The Belgian *Vase des Noces* is a hymn to bestiality—and bestiosexuality—in which scenes of intimacy between a young farmer and his sow alternate with scenes of shit-eating and piglet-hanging. If there is an interesting film to be made about bestiality, this isn't it. The director works on the principle that obscenity should be heard and not seen; and the film's visuals come a grainy and inexplicit second to a soundtrack of virtually non-stop gasping, grunting, wheezing and wind-breaking. That the film has been banned in France and Belgium one cannot consider a great loss to either country.

Three cheers for *A Very Natural Thing*. Christopher Larkin has made a gay film which is a kind of homophile equivalent of *Love Story*. Clichés and schmaltz abound in this story of a young New York homosexual and his search for "true love"; but in its translation of gay sensibility into the kind of pop-romantic context hitherto reserved strictly for heterosexuals, it will probably do more good—in the way of changing and improving popular attitudes—than many a more sophisticated or hard-line propagandist approach.

Who better to leave the last word to than that deathless wizard of the cinema, Orson Welles? *F for Fake* is Welles's documentary inquiry into the activities of two master-forgers, Elmyr de Hory and Clifford Irving. The film is made with the kind of throwaway genius we haven't seen from Welles since *Citizen Kane*. But beneath its freewheeling, conjuring-trick surface (fast cutting, freeze-framing, fact and fiction overlaps), it develops a shrewd and elaborate inquiry into the nature of fakery. Who are the true impostors—the forgers or the "experts"? Welles wanders in and out of the film as if on leave from his TV sherry advertisement—beard, broad-brimmed hat, billowing black cloak—but nothing in this film about deception is more deceiving than the relaxed and impudently casual manner of its director.

Barber Institute, Birmingham

Beatrice di Tenda

by ELIZABETH FORBES

Beatrice di Tenda, Bellini's penultimate opera, was long overdue for revival in this country, so on Thursday the Barber Institute, not for the first time, deserved our gratitude for resuscitating with such devotion a work too often ignored or carelessly dismissed as neglible. Written for Giuditta Pasta, as successor to *La sonnambula* and *Norma*, *Beatrice di Tenda* was first produced at Venice in March 1833, when a difficult birth followed a stormy period of gestation. Felice Romani, engaged on librettos for four other composers at the same time, was even more dilatory than usual in supplying Bellini with the text—finally he had to be summoned by the police to fulfil his contract. Public reception at the première was hostile, and Pasta reputedly addressed one of her lines—"If you cannot love me, respect me"—directly at the audience.

Romani's libretto, highly reminiscent of the text he had supplied to Donizetti for *Anna Bolena*, is even closer to the one he was currently writing for the same composer, *Parisina*, which received its first performance at Florence the night after *Beatrice*'s unveiling at Venice. It deals with the attempts, ultimately successful, of Filippo Visconti, Duke of Milan (baritone), to get rid of his wife, Beatrice de' Lascari, Countess of Tenda (soprano), to whom he owes his position, lands and wealth, so that he can marry a younger woman, Agnese del Maino (soprano). Agnese, however, loves Orombello, Count of Ventimiglia (tenor), who secretly loves Beatrice. She herself reveres the memory of her dead first husband, the *condottiere* Facino Cane.

The score admittedly shows certain signs of the haste with which it was composed. The long, loosely-constructed first act, in particular, has several uninspired patches, but it also has some very fine numbers, notably Beatrice's beautiful entrance cavatina, her duet with Filippo, and the first section of the finale, in which she prays to the spirit of Facino Cane for strength to bear her afflictions. The second act, from the opening chorus, in which the courtiers relate to Beatrice's horrified ladies-in-waiting how Orombello has been tortured into a false admission of guilt—a confession which he then recants in the magnificent trial scene, the dramatic hub and musical climax of the opera—through to Beatrice's final aria and cabaletta on her way to execution, is a chain of 24-carat gold without a single link of pinchbeck.

Jocelyn Powell's production and Judith Park's set—an austere, steeply-rising flight of steps—share one great merit: they allow both action and music to flow without interruption. Miss Park's colourful costumes make a brave showing in the trial scene, while Mr. Powell's clear English translation ensures the intelligibility of the plot. Ivor Keys conducts, holding good ensemble between stage and pit, obtaining well-balanced playing from the Barber Opera Orchestra. In the all-important title role, Janet Price, having demonstrated recently that she can reanimate the moribund heroines of forgotten operas by Donizetti, Meyerbeer and Mercadante, now restores Bellini's tragic Beatrice to triumphant life.

Miss Price not only rises to the challenge of Beatrice's formidably ornate music, but also manages, by the variety and conviction of her performance, to alleviate the monotony engendered by the Duchess's excessively noble and virtuous character. Overcoming the one flaw in her vocal armoury, she shapes the long Bellinian melodies in steady, seamless lines; the florid fireworks, though let off with an exhilarating sense of security, are always treated expressively, and not as mere display. David Clyde, as Filippo, emphasises the Duke's queasy conscience rather than his brutality; James Anderson sings stylishly as Orombello; Angela Bostock makes a credible figure of Agnese. The chorus, small in numbers, is full-bodied in tone.

Elizabeth Hall

Holloway's Sea-surface

The new work in last Friday's London Sinfonietta concert was *Sea-surface full of clouds*, a cantata for four soloists, chamber choir and small orchestra specially commissioned from Robin Holloway (b. 1943).

I wish I could join with other admirers to find Holloway "a new, pronounced creative talent in music for voices," or indeed find any aspect of his new piece "completely fascinating" or "greatly distinguished and affecting." I am puzzled only: for I have not heard a new work for many months which leaves such a blank and featureless impression—or which proposes within the space of half an hour so few original points of harmonic, textural melodic or contrapuntal interest.

The words are by Wallace Stevens. The plan of the setting is a clever one: to mirror the form of the poem musically in a "state of perpetual variation (as much in terms of colour and texture as in traditional harmonic and melodic methods) within one basically unchanging order of events." There is a technical aptness, even a kind of fussy bravura, to the execution: the style could be called hybrid mainstream, streaked with reminiscences of Strauss and Mahler—and the score has the surface gloss of intelligent and capable management. Yet where is the centre? Where, in its nervous, self-important, clever way, does it lead, or intend to lead? Not back again to the words, certainly: there is nothing in Holloway's setting to match the subtle, complex and vivacious magic of Stevens's five stanzas. The vocal writing is plain at best, at worst angular and ungrateful; the instrumentation, complicated rather than complex, is unremarkable.

There is, too, the strangest lack in *Sea-surface* of dramatic movement and tension: the dramatic image colourless, neutral grey. Under a semblance of "variation," there is an overwhelming sense of sameness: notes in motion, but moved without grit, or gut, or fire. The performance, under the baton of the young Mexican conductor, Eduardo Mata, who was making his debut with the Sinfonietta, and with four good soloists, seemed capable and well-prepared. No doubt the oracles are right: this kind of sublimely precious musical doodling, that dares nothing and pretends all, must sooner or later end up in the opera house. I despair of it: but for fair measure, wish it better luck than it deserves.

In the first half, Mata directed a fair performance of Varèse's *Octandre*—though ideally one might have asked for some subtler dynamic shading: such details as the fruitily expressive crescendo on bassoon at the link between the second and third sections, where none is marked (and surely none implied?), dulled the edge of the music a little. We also heard a nice performance of Mozart's D major Divertimento K251—not the greatest Mozart, but fun—stylishly given by the group on string quintet with two horns and oboe; and a lively account of Falla's harpsichord concerto, with John Constable the soloist.

DOMINIC GILL

Eileen Agar: The Muse of Construction

New Art Centre

Eileen Agar

by WILLIAM FEAVER

Setting aside the Abdication fuss the event which generated most socialite concern and scandal at large in 1936 was the First International Surrealist Exhibition held at the New *Burlington Galleries*. It was infinitely newsworthy for the art involved was the sort of stuff that confirmed Sir Alfred Munnings's worst suspicious about Modern Art. Salvador Dali appeared at the opening ceremonies in a diving suit. Suggestive objects were rife and the exhibitors — foreigners with names like Picabia, Duchamp, Klee, Magritte, Brancusi — were widely assumed to be taking the public for a ride.

Generally speaking the British artists involved were not so extreme or extraordinary. Paul Nash, Graham Sutherland and Henry Moore had evident roots in native tradition. But not so Eileen Agar who, albeit English, and Slade-trained, appeared to have absorbed all the latest Parisian object lessons. Her appearance in the exhibition earned her a permanent, non-transferrable Surrealist identity label. So she appears to-day at the New Art Centre somewhat typecast.

The works collected here date from 1938 onwards. Many are collages. One, *Dragon Dog* is centred on an oriental paper dog given her by Paul Nash. Others, less directly inspired, show the influence of Picasso, Braque, Ernst, everything overlapping and interlocking, carefully complicated. Throughout, from *The Muse of Construction* (1939) an urn goddess, to bright, summery acrylic paintings done within the last year, the Surrealist allegiance persists. There are traces of automatic writing, ectoplasmic hands, veils and undercurrents.

As Herbert Read once wrote, "Eileen Agar is surrealist in her charm. Charm is not one of the surrealist virtues—sadism is preferred. But by dislocating charm, by fragmenting it and converting it into barbaric jewels, Eileen Agar deprives charm of its sentimentality." Her paintings are light spirited. They celebrate Mediterranean sunlight, dappled pleasures, in citrous colours, terracottas and powder blues. They have little time for weighted forms: everything is cut-out, superimposed, established as patterning.

Many of the paintings are built up, layer on layer, with glimpses of previous arrangements through holes and grilles. *The Object Lesson*, a construction made in 1940, which consists of a mannikin lay-model fastened to a canework disc with a painting behind, thus appears arrested at a formative stage. Taken further, confined to paint terms, this composition would have become much the same as the other, elaborated paintings, an assembly of planes, shuffled and dabbed into position.

Eileen Agar's love of complexities, her tendency to add chequers and squiggles where, in other hands, the eye would be given a rest, sometimes carries her to excess. In *The Muse of Construction*, for instance, the incidents are so amassed bewilderment sets in. In others, rubbings, fragments of classical style drawing, odd bits and pieces of paper and fabric, are laid down only to be interfered with, drawn into the games. The earliest collages in the exhibition are the most impressive: time deals gently with them. But the paintings are consistent, from the Slade days, when Eileen Agar worked in a thoroughly sober, foursquare manner, to recent, large, compositions in which the elements all dance and frolic and the eye is charmed, if not always absolutely convinced.

Comparisons between these works and the Man Rays at the ICA are worth while, if only to point up the difference between Ray's prolific quirkiness-art, as it were, best done on café tablecloths after dinner—and Eileen Agar's more wrought, more painterly carry on. Surrealism was a many-headed phenomenon and its exponents were diverse. Her loyalties have never been confined to any single aspect of it. Indeed, many of her paintings are surrealist in name only, in titles like *Dance of the Minerals* and *Muscles of the Imagination*. In the long run the quality of her work has depended not on novelty values within the -ism but on her ability to persevere where others, more flamboyant and, maybe, inventive in their day, faltered.

Eileen Agar at the New Art Centre until May 24.

The Entertainment Guide is on Page 25

U.S. conducting post for Previn

André Previn, principal conductor of the London Symphony Orchestra, is going back to America . . . but not full-time. The Pittsburgh Symphony Orchestra have announced that he is to become its musical director—a position previously held by Otto Klemperer, Fritz Rainer and for the past two decades William Steinberg.

Mr. Previn says that the appointment will in no way interfere with his work with the LSO. It will, however, affect his appearances as a guest conductor. He will drastically cut down on the three months a year he normally spends with other orchestras. The three-year contract in Pittsburgh will begin with the 1976-77 season.

Elizabeth Hall

Kenneth Gilbert

It's all very well to tinkle away on a kit job at home, but a first-class instrument is the basic requirement for a public harpsichord recital to-day, since the recent craze for fine and apt "period" tone replaced the amplified brilliance popular a few years ago, when every harpsichord played publicly in London seemed to come from either Gough, Goff or Goble. Last night the eminent American harpsichordist Kenneth Gilbert equipped himself with a champion of impeccable pedigree: *Ruckers 1636/"Ravellement" by Hemsch 1763*/borrowed from the English collector Michael Thomas.

Unquestionably there are Ruckers and Ruckers (and questionably Rookers too, in similarly beautiful decorated cases) for this outstanding Belgian family was to the harpsichord what Stradivarius was to the violin, with innumerable followers and fakers. (The precious 1634 "Ham House" Ruckers in the Victoria and Albert Museum was revealed as an 18th century English forgery during recent restoration — excellent museum irony!). Hard to tell in a hall so large as the Queen Elizabeth, but last night suggested a superb Ruckers, with full-bodied royal tone, and the kind of singing quality which seems to get lost in the minor remodelling to which most old instruments have been subjected if they survive to our time.

Kenneth Gilbert changed his programme, cutting out the Scarlatti items, to make the best of this harpsichord's quality. He played one half each of Couperin and Bach, with plain registration and deliberate, expressive phrasing. Mr. Gilbert's technique is not quite fluffproof, but the effect was so fine that even at the end one was still captivated by the beauty of tone, even in the lingering of a simple mordent clinging to the final cadence, reluctant to end. The Couperin items were predominately miniatures of course, but featured his mood pieces such as "Les idées heureuses" and "Les langueurs tendres" rather than the more flashy ones. However, the most rewarding item here was the great Passacaille, superbly given with weighty attention to its astonishing chromatic refrain and imaginative colouring in the variations. Bach's fourth Bartita was gracefully played, and the encores included a Soler sonata, full of fizzy bravura, brightly done. Which, I wonder, would be the first to ruin a fine Ruckers harpsichord: hours of Soler's rackety semiquavers, or the Spanish sun?

GILLIAN WIDDICOMBE

The Other Place, Stratford-upon-Avon

Hamlet

by MICHAEL COVENEY

This is the RSC studio production that Buzz Goodbody had just completed work on last month before she died. The Press were invited last Thursday to share in a theatrical experience that is, for a start, a total vindication of Miss Goodbody's belief that Shakespeare can and should be more exciting if the actors confront each other and their audience unhampered by a proscenium; the production also reflects the new austerity of Terry Hands's work on the main stage and is clearly a sign-post for the Company. *Hamlet* is invariably a thrilling play to experience; and here, undiminished by an environmental treatment, performed almost uncut by a quite remarkable cast with pace, skill and awesome clarity, it is certainly never less than that. In the light of last year's outstanding season in this theatre and Miss Goodbody's own Bondian, vigorous version of *King Lear*, her death must be counted as tragic a loss to our theatre as was Naftali Yavin's a few years ago.

White screens all around, Claudius and his court in pin-striped suits, an uneasy, conspiratorial co-operation between the bureaucrats and the great-coated military, the inspirational inter-scene use of snatches from Brahms's A-flat piano waltz; there is a Strindbergian intensity about the production that pays particular dividends in the domestic scenes. For once you can actually believe that Hamlet's "neglected love" is as contributary a factor to his madness as is the shaking, shattering revelation of his father's murder. And Ben Kingsley, so intelligent and explicit at every turn, builds his fury and resolve as powerfully as he describes the growth by leaps and bounds of his own existential imaginings. His thoughts fly not up, but out and beyond each physical situation he himself manufactures. "Now might I do it, pat"—and he is immediately scurrying away to the corner of the acting area; the tears for Hecuba, Yorick's skull, the little plot of land—in contemplating them fiercely his own terrible circumstances crowd around for him to beat against.

The closeness of the actors results in genuine physical involvement as well as the chance to enjoy special details. The Ghost, beautifully spoken by Griffith Jones, walks among us with a natural imperiousness; when the doors are locked on the final bloodbath the little theatre is slammed shut before the chilling silence is interrupted by the crashing arrival of Fortinbras (presented by Charles Dance as more of a determined, ugly professional than is usual). And, close to, we can feel, as well as see how this Hamlet enwraps his friends; Mr. Kingsley is superb at signalling both the generosity and sensitivity of the character towards those he holds in affection.

This performance is surrounded by others of equal distinction. George Baker as Claudius is ruthless, but never supercilious. With Gertrude (Mikel Lambert) at Ophelia's funeral he carries a small posy similar to that distributed by the girl in an earlier scene. Ophelia's decline — Yvonne Nicholson, pert and sexy, all but disfiguring her face with lipstick —is a matter of much horror for Mr. Baker, and his performance demonstrates yet again what a great part this is (his chief soliloquy is suddenly a re-focused view of the whole Elsinore mess that, in these circumstances, leaps memorably from the tyrannous claustrophobia for which he is responsible). Stuart Wilson is a frenetic and greatly affecting Laertes: his attachment to Ophelia is clearly more than sisterly and his "show" of grief nothing of the sort; emotions are running as deeply here as anywhere in the play and his participation in the rigged duel is reluctantly, even suicidally, undertaken. Mr. Wilson is the best Laertes I have seen.

The pleasures and subtleties are innumerable. A complete shift of emphasis is given to the players, for they do more than follow Hamlet's instructions to the letter; they transform their tatty material by bringing to it a naturalism and truth that is startling. Bob Peck plays the First Player (well and truly "valanced"!) with rough dignity, radiating an approach to his trade that is completely betrayed by the rubbish he has to perform. Hence the "rogue and peasant slave" speech is given an original drive as Hamlet sees this for himself. Polonius's comments on the "Hecuba" speech are the words of a cultural philistine—Andre Van Gyseghem, bustling and dapper, is never less than entertaining. There is a well-judged, underplayed Horatio from Sid Livingstone and several good cameos from Terence Wilton. The designer is Christopher Dyer.

Hamlet plays sporadically at Stratford until the middle of July; I hope thereafter that this important production will live on. It could be made to work superbly in the ICA Terrace. There are still many people who need convincing that studio theatre does not necessarily result in lesser art. This is the show for them, and everyone else, to see.

John Florio Prize

Cormac O Cuilleanain, has been awarded the John Florio prize for his translation of *Cagliostro*, by Roberto Gervaso (Gollancz).

The prize, commemorating the 15th century humanist who compiled the first Anglo-Italian dictionary, is awarded to the best translation from the Italian each year. Cormac O Cuilleanain has recently finished work on the translation of Pietro Valpreda's prison notebooks, which will be published on July 3 as *The Valpreda Papers*.

Businessman's Diary

U.K. TRADE FAIRS AND EXHIBITIONS

Date	Title	Venue
Current	Leicester Motor Show (cl. May 27)	Granby Halls, Leicester
Current	Display and Shop Equipment Exbn. (cl. May 21)	Olympia
To-day	Scottish Materials Handling Exhibition (cl. May 24)	Kelvin Hall, Glasgow
May 20—22	British Toy Fair	Cunard Intnl. Hotel, W.6
May 20—22	Fabrics for Spring '76	Celanese House, W.1
May 20—23	Intnl. Conf., Tobacco and Newsagency Exbn.	Earls Court
May 21—23	Audio-Visual Training Programmes (USA)	U.S. Trade Centre, W.1
June 2—6	National Printing Machinery Exbn.	Olympia
June 2—6	National Wire Exhibition	Belle Vue, Manchester
June 9—11	Minicomputer Exhibition	Regent Centre Hotel, W.1
June 9—13	Small Part Production Exhibition	Birmingham
June 10—11	EIA Engineering Exhibition	Southend
June 10—12	Print Fair	Cunard Intnl. Htl., W.6
June 11—21	Grosvenor House Antiques Fair	Grosvenor House, W.1
June 10—13	Italian Gifts and Fancy Goods Exhibition	Italian Trade Centre, W.1
June 16—17	Provincial Booksellers' Monthly Fair	Kenilworth Hotel, W.C.1
June 17—20	Royal Highland Show	Edinburgh
June 17—20	Microforum International Exhibition	West Centre Hotel, W.6
June 22—26	Contract Furnishing and Interior Design	Olympia

OVERSEAS TRADE FAIRS AND EXHIBITIONS

May 20—27	International Trade Fair	Tel Aviv
May 22—June 5	Intnl. Communications Systems and Equip.	Moscow
May 22—26	Intnl. Carpet and Textile Fair	Milan
May 23—29	International TV Equipment Exbn.	Montreux
May 28—June 3	Mach. and Equip. for Wood Industries	Hanover
May 29—June 8	Paris Air Show	Paris
June 3—5	Materials Handling Exhibition	Cincinnati
June 3—8	Mechanical Handling Exhibition	Tokyo
June 3—12	International Fair	Barcelona
June 4—7	Furniture Production Exhibition	Cologne
June 6—12	Sewage and Refuse Engineering Exbn.	Munich
June 8—17	Technical Goods Fair	Poznan
June 9—13	Plastics Show of Canada	Toronto
June 10—13	Hospital Equipment Exhibition	Dusseldorf
June 11—22	International Fair	Lisbon
June 17—20	International Knitwear Exhibition	Milan
June 17—21	Brit. Export Centre: Camping and Leisure Exbn.	Tokyo
June 17—21	International Education Exhibition	Melbourne
June 17—26	European Machine Tool Exhibition	Paris
June 18—23	International Art Fair	Basle
June 24—27	Opto-Electronic Systems Exhibition	Munich

BUSINESS AND MANAGEMENT CONFERENCES

Current	Lond. Grad. Bus. Sch. Corporate Fin. (cl. June 23)	Sussex Place, N.W.1
May 20—22	Orr and Boss: Know about Offshore Oil	Tower Hotel, E.1
May 21	Inbucon: Managing Inflation	Financial Times Cinema
May 21—22	BSC: Urban Environment AD 2000	Metropole, Brighton
May 21—23	Inst. Chart. Accnts.: Intnl. Fin. Management	Whateley Hall, Banbury
May 22—23	LAMSAC: The Computer and Trading Standards	London
May 27—28	Financial Times, Flight International and Air et Cosmos: World Aerospace and Air Defence Industries	Paris
May 27—30	Poly. Cen. Lon.: Applied Minicomputer Prog.	115, New Cavendish St., W.1
May 28	Eng. Market Res.: Selling Eng. Products	Manchester Bus. School
May 28—30	Guardian Bus. Serv.: Effective Interviewing	21, John Street, W.C.1
May 29—30	IPM: Personnel Statistics	Kingsley Hotel, W.C.1
June 1	W. D. Scott and Co.: Job Evaluation	43, Portman Square, W.1
June 2—4	Assn. Cert. Accnts.: Effective Internal Auditing	Hotel Russell, W.C.1
June 2—6	PE Cons. Group: Work Study Appreciation	Egham, Surrey
June 2—6	MIP-TV: World Wholesaling Convention	Cannes
June 2—27	Ashridge Man Coll.: Management Development	Berkhamsted, Herts.
June 3—4	Inst. Work Study: Textiles and Inflation	Cliffs Hotel, Blackpool
June 3—5	Telecommunications '75 Conf. and Exbn.	Metropole, Brighton
June 4	Inst of Metallurgists: Materials Selection	City of London Poly.
June 4	Staniland Hall: Manpower Costs to 1980	London Hilton, W.1
June 8—10	HTS Man. Centre. Interviewing Skills	High Wycombe, Bucks.
June 8—11	SRI-U.K.: Decision Analysis	Royal Berks. Htl., Ascot
June 8—12	BOTB: Special Libraries Assn. Conf.	Chicago
June 9	Coopers and Lybrand: Implementing Equal Pay	Glasgow
June 9—13	Brunel University: Decision Analysis	Uxbridge, Middlesex
June 10	Inst. Works Man.: Health and Safety at Work	Birmingham
June 10—11	Coventry MTC: Industrial Relations	Coventry
June 10—12	Brit. Waterways Board: Freightwaves '75 Conf.	World Trade Centre, E.1
June 11	Henley Centre: Britain to 1985	82, New Cavendish St., W.1
June 11—14	Strategic Man.: Integrated Marketing	Whateley Hall, Banbury
June 13—20	Direct Mail Assn. Annual Conference	Amsterdam
June 19—20	Financial Times, Straits Times, British Airways, Cathay Pacific Airways and Fairplay International Shipping Weekly: South East Asia Shipping	Singapore
June 19—20	Fulmer Res. Inst.: RPD Planning and Design	Slough, Bucks.

HOME NEWS

CBI HIGHER INCOMES STUDY

U.K. managers 'given bad deal'

BY MICHAEL BLANDEN

BRITISH senior managers are worse paid than their equivalents in other major industrialised countries, a special study prepared for the Confederation of British Industry shows.

The study, prepared by Employment Conditions Abroad, has been submitted as part of the CBI's evidence to the Royal Commission on the Distribution of Income and Wealth. Under a reference on higher incomes, the Commission, which is headed by Lord Diamond, is examining pay levels above around £10,000.

The CBI, which is giving oral evidence this afternoon, is critical of the reference itself and of the pressures brought on the Commission to produce a report in a very short time. It also defends the pay differentials in industry, and argues that the pressure on high earners poses a threat to the country's economic growth.

Penalised

The international comparisons cover 15 countries overseas, eight in Europe plus Australia, New Zealand, Canada, the U.S. South Africa, Brazil and Singapore. The CBI points out that the relatively low level of incomes in the U.K. presents major problems for international companies as well as effectively "penalising" managers in this country who could earn more abroad.

At the gross level, pay is higher in every other country covered, and in Switzerland a senior manager is paid more than 2½ times his British opposite number. On average, the difference is about 80 per cent., the report says. Taking account of tax levels, net pay is still lower in the U.K. than in the other countries. At a U.K. level of £20,000 a year gross, Swiss and German executives respectively are left with nearly three times and 2½ times as much as the British.

Allowing for the higher cost of living elsewhere, the report states that only Denmark and Sweden fall below the U.K. The report concludes that the standard of living of senior managers in the U.K. is lower than in most other developed countries, that their relative position is tending to worsen and that "the lower standards available here will result in a drain on Britain's managerial resources."

In its general evidence, the CBI maintains that "If industry is stopped from having rational pay structures which allow adequate differentials after tax, then there will be no incentive to attract able people." Enterprising talent, it is argued will either fail to develop or go abroad.

The CBI has warned that the Commission should resist pressure to hasten its work and should take adequate time to prepare its reports: It urges the Commission not to make a statement on higher incomes before it has pronounced on the distribution of income and wealth generally.

Its evidence draws particular attention to the need to avoid the confusion of concepts of fairness with equality. Higher pay levels are in part "compensation for the higher risk of failure and the greater commitment to their work" required of many top executives.

The CBI also stresses the need to look at post-tax income and at lifetime income patterns—where it has prepared special tables—to give a proper perspective.

Post-dated pay index 'could cut inflation'

BY OUR ECONOMIC STAFF

DIRECT LINKING of wage increases to the cost of living index, with a deliberate time lag, could lower the rate of U.K. inflation to 11 per cent. per annum by mid-1976, acording to a study just completed by the Institute of Manpower Studies at Sussex University.

The latest issue of IMS Monitor to be published shortly suggests that this result would be achieved if the quarterly increase in retail prices during any 13-week period were allowed to lead to "the same percentage increase in earnings for all workers during the next quarter," but no more.

"Such a policy instrument," says the IMS Monitor editor Mr. Colin Leicester, "need not necessarily require statutory powers for its implementation; but it is difficult to see how it could otherwise be introduced."

The IMS states that to achieve its target reduction in inflation, the proposed policy would have to be brought into operation by autumn 1975.

● Following last week's news of a sharp acceleration in retail prices during April, the latest statistics on wages and earnings (for April and March respectively) are due to be published this afternoon.

Also out to-day will be the provisional index for retail trade in April, which will give some indication of the extent to which the earlier down-turn in retail sales was offset by the pre-VAT buying spree.

The other major economic indicator of the week will be the official unemployment count for May, due to be published by the Department of Employment on Thursday. All the impressionistic evidence points to a continuation of the sharp upward trend in the seasonally adjusted measurement of the unemployment figures.

Burmah protest plan

By David Bell

THE BURMAH Shareholders Action Group, which is challenging the Government over the £140m. profit it has made on the purchase of Burmah's stake in British Petroleum, plans to call its own shareholders meeting an hour before the Burmah AGM.

At the meeting the action group will outline its plans to get the latest Burmah accounts rejected on the grounds that to pass them would be "tantamount to acquiescence in the disposal of the company's holding in the British Petroleum company."

The group, which has had more than 400 letters of support, says that it is "undismayed" that attempts to get the Government to hand back part of its profits have so far not been successful. Further meetings will be held with the Government and the Opposition. Mr. Jonathan Stone, a solicitor, who with accountant Christopher Sills, is heading the protest, said Mr. Jasper Hollom, deputy governor of the Bank of England, had agreed to meet them.

A series of meetings has also been held with the Institutions which own about 30 per cent. of Burmah at each of which there was "a constructive exchange of views." Several hundred of Burmah's 160,000 shareholders are expected at the Annual General meeting.

Plenty of oil —U.K. economist

THE INCREASE in OPEC oil prices in the early 1970s was not caused by a real scarcity of oil nor is the world using up *oil reserves too fast*, according to Professor Colin Robinson, professor of economics at Surrey University.

In a paper on "Energy depletion and the economics of OPEC", Professor Robinson suggests that in future price expectations as opposed to fears of shortages will again be of greater significance in determining prices.

If it is expected that crude prices will rise little, oil producers will no longer have an incentive to keep their oil in the ground (as they have had in recent years) and prices may decline.

April Datsun imports at record level

BY CHARLES SMITH, IN TOKYO, AND TERRY DODSWORTH IN LONDON

NISSAN, the Japanese manufacturer of Datsun cars, shipped 13,039 vehicles to Britain last month, an all-time record and more than ten times as many as its shipments in April, 1974.

In announcing these figures, against a background of antagonism to rising Japanese imports from the British motor industry, the company has emphasised that April was a freak month. Attempts were being made to beat an anticipated seamen's strike, and there was a stepped-up flow of production for the U.K. after delays caused by changes in specifications for radios in March.

Nevertheless the announcement will cause some embarrassment to Datsun U.K., the British importing company which is believed to be one of the main targets for the recent anti-dumping submission made by the Society of Motor Manufacturers and Traders to the Department of Trade.

The SMMT has asked the DoT to impose an immediate import duty on some Japanese cars while the strength of its dumping evidence is investigated—the import duties being a measure partly designed to prevent stockpiling during the process of inquiry. Nissan's shipments to the U.K. in the first four months of 1974 show a handsome rise on the year before, totalling 26,263 units against 15,009 units in the first four months of 1974.

Nissan says it still plans to ship only 30,000 cars to Britain during the six months from April to September inclusive, which would appear to mean that shipments from May to September will reach only 17,000 vehicles. If this target is kept, it will imply some drop in Datsun's market share: in the four months to April it sold 27,662 cars in the U.K., slightly more than the total shipped.

In the January to April period Datsun captured 6.14 per cent of the U.K. market. This made it the largest importer overall although Renault had a larger share last month.

Toyota, the largest of the Japanese car manufacturers, has also increased its penetration in the U.K. In the first four months of the year its sales have risen to 7,514—a 1.67 share of the market—against 4,622 last year.

In addition sales of both Mazdas (made by Toyo Kogyo) and Hondas have risen sharply. Mazda registrations went up from 2,603 in 1974 to 3,293 this year, and Hondas from 1,173 to 2,866.

The sharp rise in Japanese car shipments to the U.K. early this year contrasts with a decline in overall car exports by Japan. Total exports in the first three months of the year came to 564,325, seven per cent. less than last year. A serious blow to Japanese car exports was the imposition of quotas by Australia in January.

Mercedes launching new trucks on U.K. market

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

EUROPE'S LARGEST commercial vehicle manufacturer, Mercedes Benz, is launching six new trucks on to the British market to-day.

This move to strengthen its range confirms the stress Mercedes is putting on its effort to establish a strong foothold in the U.K. truck market. One of the reasons for the take-over of the Mercedes franchise in this country by the parent company last year was the desire to build up truck sales.

So far, Mercedes has found this hard going. Volvo has proved by far the most successful of the Continental heavy truck manufacturers in Britain and Scania and DAF have also done well.

Although U.K. truck manufacturers increased their market share in the first four months of the year, Mercedes has also managed to push slightly ahead on 1974. In January-April period it sold 640 commercial vehicles—from small vans upwards—against 468 last year.

WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The Board meetings are mainly for the purpose of considering dividends and official indications are not available whether dividends concerned are interims or finals. The sub-division shown below is based mainly on last year's time-table.

TO-DAY

COMPANY MEETINGS—

Christies, 8, King Street, S.W., 3.
Dufay Bitumastic, Winchester House, E.C., 12.
Tube Investments, Birmingham, 12.

BOARD MEETINGS—

Finals:

[illegible]

DIVIDEND & INTEREST PAYMENTS—

[illegible]

TO-MORROW

COMPANY MEETINGS—

[illegible]

BOARD MEETINGS—

[illegible]

DIVIDEND & INTEREST PAYMENTS—

[illegible]

WEDNESDAY, MAY 21

COMPANY MEETINGS—

[illegible]

BOARD MEETINGS—

Finals:

Beecham
Brunning
Farm Feed
[illegible]

Lipton (L.)
Oder Rackman
Pritchard Services
Sumner (Francis)
Tanganyika Concessions

[illegible]

THURSDAY, MAY 22

COMPANY MEETINGS—

[illegible]

FRIDAY, MAY 23

COMPANY MEETINGS—

[illegible]

SATURDAY, MAY 24

DIVIDEND & INTEREST PAYMENTS—

[illegible]

SUNDAY, MAY 25

DIVIDEND & INTEREST PAYMENTS—

[illegible]

APPOINTMENTS

Executive posts in Distillers Group

Mr. Gavin Pinkerton, having reached the age limit, will retire from the Board of DISTILLERS COMPANY, and as managing director of Macdonald Greenlees, on August 31. Mr. James A. Wolfe Murray has been appointed managing director of Macdonald Greenlees from September 1, and will consequently relinquish his present post as an export director of James Buchanan and Co. Both companies are subsidiaries of DCL.

★

Mr. Edward B. Palmer has been appointed to the Board of WATNEY INTERNATIONAL as finance director. As part of the brewing division of Grand Metropolitan, this company is responsible for the Group's overseas brewery operations, principally in Belgium and Germany.

★

Mr. S. Procter has been appointed a divisional director of WILLIAMS AND GLYN'S BANK.

★

Sir Robert Taylor has been appointed deputy chairman of THOMAS TILLING. Sir Robert is a member of the Thomas Tilling Board and deputy chairman of the Standard and Chartered Bank.

★

EDWARD BATES AND SONS (HOLDINGS) has announced that M. Gabriel Rattier has joined the Board of its French banking subsidiary, Banque Pommier SA as a non-executive director. M. Rattier is chairman of Union Industriel de Crédit and a director of Compagnie Parisienne de Réescompte. He is also president of the Confederation of Electrical Industries, and was senior deputy governor of the Bank of France until the end of last year.

★

BOOKER McCONNELL has announced that Mr. L. J. C. Evans is to join the Board of its agricultural division as a part-time director. Mr. Evans is a former director of agriculture of the World Bank, from which he retired in 1973, and is still a member of the agricultural advisory panel. He is also a member of the supervisory Board responsible for the Iranian national cropping plan project being undertaken by Bookers Agricultural and Technical Services and Hunting Technical Services.

★

Mr. M. J. Allen has been appointed financial director, and Mr. M. L. Hartley a non-executive director of WOODSIDE GARAGES (Leeds), the holding company of Nationwide Car Distributors.

★

Mr. Harold Royle, managing director of Yorkshire Imperial Metals, a subsidiary of IMPERIAL METAL INDUSTRIES, will retire at the end of 1975 after 44 years. He will be succeeded by Mr. D. V. Ayres, currently managing director of the rolled metals division of Imperial Metal Industries (Kynoch). Mr. Ayres will be appointed deputy managing director of YIM from July 1. Also from that date, Mr. M. A. Ricketts, currently managing director of the rod and wire division of IMI (Kynoch), will be appointed managing director of the rolled metals division. He will also succeed Mr. Ayres as chairman of John Wilkinson and Sons (Saltley), J. F. Ratcliff (Metals), and Broderick Structures. Mr. K. J. Jones, currently managing director of IMI Santon, will be appointed managing director of the rod and wire division. Mr. H. Insley, currently assistant managing director of IMI Range, will be appointed managing director of IMI Santon.

★

Mr. A. E. Foucar has been appointed a director of RIVER AND MERCANTILE TRUST and of its wholly owned subsidiary Andermor Investment Trust.

★

Mr. John Newman has been appointed divisional technical director for RUBERY OWEN CONVEYANCER and will be responsible for all design and development work for the ROCON sub-group. Mr. Peter T. Ward becomes chief engineer and will be deputy to Mr. Newman, with particular responsibility for design.

★

Mr. Geoffrey Wheater, a director of Dunlop, has been elected president of the BRITISH RUBBER MANUFACTURERS' ASSOCIATION. He succeeds Mr. Owen Green, managing director of BTR.

★

Mr. N. G. Shove has been appointed managing director of DOWNS SURGICAL.

★

Mr. A. C. Zaphirion-Zarifi has been appointed a director of the HERITABLE AND GENERAL INVESTMENT BANK.

Management structure for British Leyland cars

Full details of appointments under the new management structure of BRITISH LEYLAND CARS are as follows:

Mr. Fred Clem, former managing director of the special products division of the British Leyland Motor Corporation, has been appointed director, foundries development, for British Leyland Cars. He will be responsible to Mr. W. H. Davis, BL Cars director, manufacturing, for the development and modernisation of all foundry facilities in BL Cars. He will also work with Mr. B. Ellis, managing director, truck and bus, where the modernisation programme offers foundry facilities in BL truck and bus.

Reporting to Mr. K. B. Hopkins, director, sales and marketing, are Mr. T. H. Taylor, director sales; Mr. M. I. Phillips, director, finance and supply; and Mr. B. H. Bates, director, franchise development and planning.

Staff directors in the body and assembly division responsible to Mr. I. K. Showan, managing director, are: Mr. R. J. Salmon, finance and sales; Mr. G. M. Lockhart, personnel; Mr. M. Fernyhough, supply; and Mr. J. Clay, production and plant engineering. Operations directors for that division are: Mr. A. C. Thompson, large-car assembly; Mr. J. R. Symonds, medium-car assembly; Mr. W. C. Toll, small-car; Mr. D. J. Simpson, body and pressings; and Mr. K. D. Bradbury, tooling.

Responsible to Mr. R. W. Perry, managing director of the power train and foundry division as staff directors are: Mr. J. A. Gilroy, finance; Mr. R. R. Rowles, personnel; Mr. L. S. Barford, supply; and Mr. R. E. Hanley, production and plant engineering. Operations directors for that division are Mr. J. Ferguson, foundry; Mr. M. J. Sheehan, Birmingham; Mr. R. Lindsay, Coventry; and Mr. M. Shaw, Cardiff and Hemel Hempstead.

IN BRIEF

New tractors

The Osaka-based Kubota company, a major Japanese manufacturer of agricultural machinery, is to launch a range of small and medium-sized tractors in the U.K. Imports will be handled through the London office of the trading company Marubeni.

London delegates

A London Chamber of Commerce and Industry delegation leaves London to-day for a week's visit to the German Democratic Republic.

Competition needed

Government-created monopolies like the Post Office, the National Coal Board and the Steel industry, need competition a former Conservative Minister, Mr. Nicholas Ridley, MP, claimed yesterday.

Coal imports rise

A big jump in foreign coal imports is taking place at South Wales ports. Over the first 17 weeks of the year they were 902,000 tonnes, an increase of 626,000 tonnes compared with the corresponding period last year.

British Transport Docks Board monthly trade returns show that, over the same period, exports of Welsh coal also showed a substantial improvement to 682,000 tonnes, up from 398,000 tonnes last year.

Fast ferry

The South of England gets a fast new car ferry service to Scandinavia on Thursday with the maiden voyage of the Tor Britannia from Felixstowe to Gothenburg. Tor Line's £13m. ferry will reach Gothenburg in 24 hours. She carries over 1,200 passengers and 420 cars.

Last shoemakers

Some 100 more shoemakers in Staffordshire will lose their jobs this week when the Lotus shoe factory in Stone closes down. The factory employed 500 men earlier this year, but cheap imported shoes meant a cutback in the numbers before the company finally decided to close the factory.

Oxo plant closes

Brooke Bond Oxo is to close its factory at Chippenham next Friday, making 168 workers redundant. A spokesman said the plant was not needed in the present economic situation.

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Anniversary bomb blasts rock Israel's cities

JERUSALEM, May 18.

A TIME bomb exploded near a petrol station in the Arab sector of the city to-day in the latest of a series of apparent Arab guerilla incidents.

Police said there were no casualties or damage in the blast at the station between the Rockefeller Antiquities Museum and the walled Arab sector of the old city. It was the latest in a series of time bomb explosions in the territories Israel captured in the 1967 Middle East War. Police have blamed the incidents on local guerilla operatives.

An estimated 20 persons were wounded when a bomb hidden in a picnic basket exploded at the swimming resort of Ein Fashkha near the northern end of the Dead Sea. All but four of the wounded were released after brief treatment in hospitals.

Two other bombs went off in or under parked vehicles in the city of Ramallah, eight miles north of Jerusalem in the occupied West Bank of Jordan earlier in the day. The blasts came as Israeli soldiers maintained a heightened alert to guard against possible guerilla attacks on and around May 15, the 27th anniversary of Israel's founding.

The Palestinian Popular Struggle Front issued a statement in Beirut claiming responsibility for the bomb blast at Ein Fashkha. The blast killed or wounded several Israeli soldiers who frequent the beach, the statement said.

The front, which is led by Samir Ghosheh, is a member of the so-called "rejection front" of guerilla groups which oppose a Middle East peace settlement. The statement said: "The attack proves the ability of our revolutionaries to hit any target they choose and aim the severest blows to the enemy."
UPI

Ihsan Hijazi reports from Beirut: Lebanese public opinion has been aroused over the death yesterday of nine Lebanese children who were killed when a mortar shell exploded outside the southern village of Aitaroun where the children were playing. Five other children all between the ages of three and 12 were injured three of them seriously.

A Defence Ministry communique said the shell was left behind by Israeli forces who were active in the area a few days ago.

In Jerusalem a military spokesman said security forces arrested 69 people suspected of belonging to four guerilla organisations in the occupied West Bank of Jordan. Authorities also uncovered a group of Israeli Arabs associated with the guerillas, the spokesman said. A number of weapons and explosives were reported seized.

The spokesman said the arrests were made in the last few days in the Jenin area, where an Israeli truckdriver was shot and killed two weeks ago.

Sadat claims unity after Mid-East tour

DAMASCUS, May 18.

PRESIDENT Anwar Sadat of Egypt said to-day he had reached full agreement with fellow Arab leaders on Middle East problems during talks over the past week. The Egyptian leader was speaking to reporters at the end of his visit to Syria, last leg of a tour which also took him to Kuwait, Iraq and Jordan.

During talks with the four countries' leaders "We discussed the situation in the area, and future steps that will be taken. We have consolidated Arab unity and our views on the near future," Mr. Sadat said. "I wanted to put before them the full picture and have their comment, and I think we have come to full agreement."

Mr. Sadat said he had discussed with Syrian and Iraqi leaders their dispute over the Euphrates waters. He did not say whether Egypt was mediating, but declared, "I think this problem will be solved." He had a three-hour meeting with Syrian President Hafez Al-Assad, and met the leader of the Palestine Liberation Organisation, Mr. Yasser Arafat. The major purpose of President Sadat's tour was to co-ordinate Arab policies towards the Middle East problem, and towards the Geneva peace conference, before he meets U.S. President Gerald Ford on June 1.
Reuter

Michael Tingay reports from Cairo: Chiefs of Staff of the Arab armies are due to meet here to-morrow to discuss military contingencies for the Middle East.

Though the meeting is part of the normal machinery of the Arab Defence Council, it provides an opportunity for the military leaders of Jordan, Syria and Egypt, directly after President Sadat's current tour, to discuss details of strategy.

Ford to call for more initiative from NATO

BY PAUL LEWIS, U.S. EDITOR — WASHINGTON, May 18.

PRESIDENT FORD is expected to urge wider political and economic consultations between the NATO allies in the wake of America's defeat in Indo-China, at the Alliance's summit meeting in Brussels at the end of this month.

In formal terms, the Administration only expects the meeting to endorse a relatively short communique, asserting the interests and goals of the Alliance and making some reference to the overall nature of the problems confronting its members.

But it is clear that President Ford would like this meeting to serve as a demonstration of general Western solidarity in the political and the economic sphere, as well as the military. It would thus serve as a fitting climax to the earlier discussions on energy and economic policy in the OECD, and show that the Western system was working well, despite recent American reverses.

Within the Ford Administration, there is now a strong feeling that it is only realistic for the Alliance to concern itself with problems outside its traditional confines and that members should not shy away from harmonising their policies towards the full range of challenges confronting them, both in the non-military area and outside the North Atlantic. Nevertheless, it looks as though the American approach will still be couched in general terms rather than a concrete attempt to change the nature and aim of the alliance. However Portugal remains a specific American preoccupation, and the Administration is still very worried that the Communist Party will reach a working relationship with the socialists in the Government, that will have the effect of encouraging neutralist tendencies.

Reuter adds: Secretary of State Henry Kissinger left for Europe to-day on a week-long trip intended to speed agreements on strategic arms limitation, European security and Middle East peace. Dr. Kissinger took off for Vienna, where he will meet Soviet Foreign Minister Andrei Gromyko to-morrow and on Tuesday. He will then visit Bonn, West Berlin and Ankara.

W. Germany suffers sharp fall in exports

BY NICHOLAS COLCHESTER — BONN, May 18.

THE WEST German Bundesbank's analysis of German economic statistics for March shows that a slack domestic economy has been undermined by a sharp fall in export orders. The Bank also notes in its latest monthly report that unemployment did not fall as much in April as it should have done at this time of year, and that the number of jobs on offer in Germany showed below-normal growth.

The inflow of orders to West German industry in March was, seasonally adjusted, little changed from that of January and February. It was somewhat above the level in November/December but 12 per cent. below the figure for the previous year in cash terms. In volume terms the fall between March 1974 and March 1975 was 17 per cent. The main dampener on the economy remained the decline in orders from abroad. The overseas order index, set at 100 for 1970, averaged 167 in January and February and then fell away to 158 in March. The average for the last quarter of 1974 was 180.

The Bank explained that the fall in overseas demand was particularly noticeable in the capital goods industry which till recently had benefited from large orders placed by Eastern European and OPEC countries. The deterioration in this sector had been aided by the absence in March of big overseas shipbuilding orders.

In the labour market the Central Bank saw no signs of a turn for the better. It pointed out that the April unemployment figure of 1.09m. represented a seasonally adjusted ratio of 4.7 per cent, compared with 4.0 per cent. in March. The report noted that the number of workers on "short-time" had risen again and that the number of jobs on offer had not developed as it should.

In that the Bundesbank has tended to see the brighter side of things in its recent monthly reports on the progress of the German economy, this latest sober assessment officially confirms what has been apparent for some time—that the German economy is moving only sluggishly back towards growth, if at all, despite the actions that have been taken by both Bundesbank and the Government to get business moving again. The capital goods industry seems to have benefited slightly from the investment incentives provided by the Government during the winter and the Bundesbank's adjusted order index for this sector stood at 128 in the first quarter compared with 113 in the fourth quarter of 1973.

Quebec unions order return to work at Olympics site

BY ROBERT GIBBENS — MONTREAL, May 18.

LOUIS LABERGE, President of the Quebec Federation of Labour which was heavily criticised in the recent Cliche Commission report on the construction industry, has ordered the construction unions to return to work to-morrow.

In a subdued mood after talks in Quebec City, Laberge said the Federation was still objecting to the Government's trusteeship legislation for four construction union locals, but accepts the Government's promise this will be of the shortest duration possible.

The construction unions have struck at the Olympics Games site and other major Montreal projects for a week in protest against the legislation. The Government starts a system of passes at the Olympics site as of to-morrow, and no one will be allowed in, *even though union member*, unless they hold an identity card.

This in effect will screen out many of the troublemakers.

Sources close to the Olympics say the new delay makes the 1976 schedule tighter but not impossible. The Olympics stadium itself, costing an estimated $300m. in latest money terms, is the main cause of worry.

Many unions attached to Quebec Federation of Labour—itself affiliated with the Canadian Labour Congress—have expressed their opposition to Laberge's fiery tactics in his dispute with the Government over the Cliche report. Laberge had called a one-day general study session by all federation unions in Quebec (QFL represents about half the unionised work force) this Wednesday, *but support is falling* away and to-day Laberge said the demonstration would be in support of the strikers at United Aircraft Canada, where the men have been out for 18 months.

LISBON CROWDS TRAP U.S. OFFICIAL IN POLICE JEEP

LISBON, May 18.

SEVERAL hundred Left-wing *demonstrators trapped an* American Embassy official in a Portuguese military police jeep outside the Embassy here to-day.

Mr. Wayne Combs, the Embassy's security chief, was wedged into the vehicle as soldiers formed a human shield around it to keep jostling demonstrators away. The demonstrators, who wore badges of a Maoist group, daubed red paint slogans reading "Death to the CIA" and "Imperialists out of Portugal" on the building.
Reuter

Bangladesh devalues currency after two years of pressure

BY DAVID KHAN MAGLIS — DACCA, May 18.

BANGLADESH yesterday devalued its currency, the taka; the new exchange rate with the pound sterling will be taka 30 per £1, instead of the previous 18.6.

The official announcement said that the Government had decided on the move "in the interest of export trade and to bring the exchange rate more in keeping with the actual purchasing power of the taka."

The devaluation comes five *weeks after the Government* demonetised all taka 100 bank notes. People were allowed three days to deposit the notes in the banks, but have not yet got their money back. The Government promised that the entire amount deposited would be returned, but not all at once or immediately. The depositors will receive a certain percentage of the money deposited in cash and the rest in "security bonds" casbable after five years or seven years in other cases.

The security bonds will not be *transferable and no* bank credit can be obtained against them, but the holders will get 8 per cent. annual interest on the money.

The devaluation follows strong pressure by the International Monetary Fund and the World Bank. It should immediately help jute, Bangladesh's most important foreign exchange earner. The size of the devaluation means that the Government will be able to pay a higher procurement price for jute in the local market and thus stem the shrinking acreage of the crop.

Some estimates say the present acreage of jute has fallen to 1.2m. acres compared to 2m. acres before Independence.

Our Asia Correspondent adds: The devaluation has also been nicely timed to impress the Western aid donors who will shortly meet to discuss Bangladesh's needs for the next financial year. They had been pressing Bangladesh to devalue for about two years.

Taken with the demonetisation of the taka 100 notes—which for a time at least badly hit the smuggling trade with India as Indians were caught with more taka 100 notes on their hands than they could offload in time—it suggests that the Bangladesh government is belatedly trying to get a firm grip on the ailing economy.

The important questions now are whether the Government can keep down the prices of goods which will still have to be imported, like oil, foodgrains and essential raw materials. Even with the devaluation shop prices could be kept to about the same level as to-day if the Government can defeat the black marketeers.

The second problem is that of stimulating jute exports which have fallen badly in the doldrums.

The other problem the Government faces is of convincing people that the taka is now realistically valued; this will be a test of its own firmness. For some time Dacca had been offering a special rate of taka 30 to £1 for people remitting foreign exchange from abroad, and this caused the black market for sterling to reach up to taka 60.

Azad Kashmir votes quietly

KASHMIR, May 18.

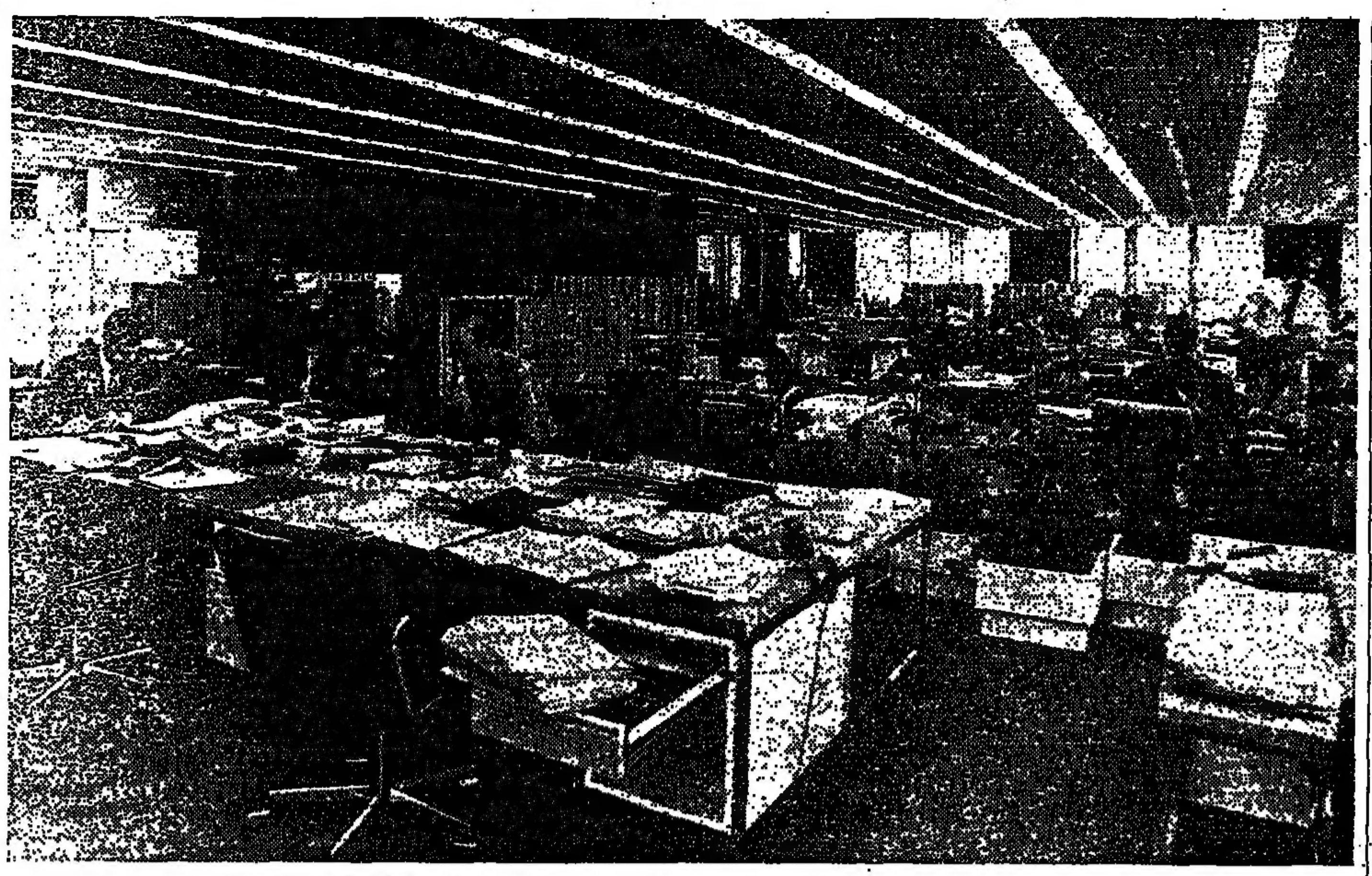
THE people of Pakistan-held Azad Kashmir voted to-day in a general election that will bring the disputed Himalayan territory firmly under the control of Prime Minister Zulfikar Ali Bhutto's ruling Peoples Party.

A heavy turnout was reported and there was no initial response to a call by the united opposition for protest demonstrations against what it regards as a rigged election. There are some 850,000 eligible voters in Azad Kashmir and 300,000 Kashmiri refugees scattered throughout Pakistan.

Results are not likely to be known until to-morrow. But the alliance grouping Mr. Bhutto's party with the Liberation League, Azad Muslim Conference and the Muslim Conference faction led by Sardar Mohammad Ibrahim is certain to win a comfortable majority in the expanded 42-seat legislative assembly.
Reuter

The Executive's World: The Office

EDITED BY JAMES ENSOR



The £10m. Sedgwick Forbes House in Aldgate, opened by the Lord Mayor last week.

Having fun at work

"INSURANCE is all about people," says Mr. Ian Findlay, chairman of Sedgwick Forbes, the world's biggest insurance broking group outside the U.S. And the group's new international headquarters at Aldgate, opened last week by the Lord Mayor of London, Sir Murray Fox, certainly fulfils that belief as far as its staff is concerned.

The office environment is spacious and comfortable and the staff facilities are impressive—with a large part of the basement available for recreation including squash and badminton courts, changing rooms and showers.

Next to the ground floor entrance there is a fully-fitted staff pub (called the "Bird and Bear" after the group's symbols), while on the seventh and eighth floors respectively there is a 200-seater staff restaurant that doubles as a discotheque and walled garden with a sun terrace and observation platform. Enough, one would think, to keep the staff busy for eight hours a day!

The basic construction of the building designed by Fitzroy Robinson and Partners consists of two central cores which contain the lifts, stairs, toilets and services. And on either side stretch two large areas of open space unhindered by pillars and shown in the picture. These areas can be flexibly designed between open plan and cellular offices because of the modular system that allows walls to be mounted and dismantled easily. Unit areas each have their own power points, air conditioning and light points.

A feature of the system is the expanse of window space so that there is a profusion of natural light, even in the central cellular offices.

When commissioning the building eight years ago from Harry Neal and Son, there was a preference for large floor areas rather than a tower structure. And, being only eight storeys, the building looks quite squat in the City. But that shape suits Sedgwick Forbes admirably with six floors used by each of the six main trading companies, the seventh for staff and executive suites ("most of our entertaining will be in-house now") and the top floor for machinery and the gardens.

When the site came to be chosen, the management, advised by Jones Lang Wootton, preferred to be in the City, close to the heart of the insurance world at Lloyd's. They had to choose, says Mr. Findlay, between the undue extravagance of high City rents and the damage that staff would suffer by being separated.

The dilemma seems to have been well met, albeit at a cost of some £10m. But it was not possible to totally avoid separating staff. The originator of the new headquarters was Sedgwick Collins and when it merged with Price Forbes to become Sedgwick Forbes in 1972 the plans were not able to absorb the enlarged staff. There are still some 1,400 people at Sedgwick Forbes House and the overflow of 500 will be at Grove House at Witham, Essex, acquired in 1974.

Communication between the two centres, however, should not be difficult, given the sophisticated network which has been installed at Aldgate. Business is computerised and desk terminals provide visual data direct from the data bank at Witham.

DDI, the Direct Dialling In facility for telephones will be available for everyone.

There is also a strong emphasis on international communications between the group's 56 overseas offices. The heart of the network is the telex room with 20 telex machines, incorporating automatic dialling, complemented by visual display units and message switching that allows one message to be conveyed to up to 15 companies around the globe from a single instruction.

If that sounds too mechanistic, there is some humanity in the sight of the telephone switchboard girls, sitting behind smoked glass above the John Piper tapestry in the ground floor reception area. A good number, that one.

Typing from the living image

A NEW machine and a new company have entered the "word processing" market in the U.K. Lexitron Corporation, a small U.S. company based in California, has begun test-marketing its Videotype Text Processor in association with Ozalid.

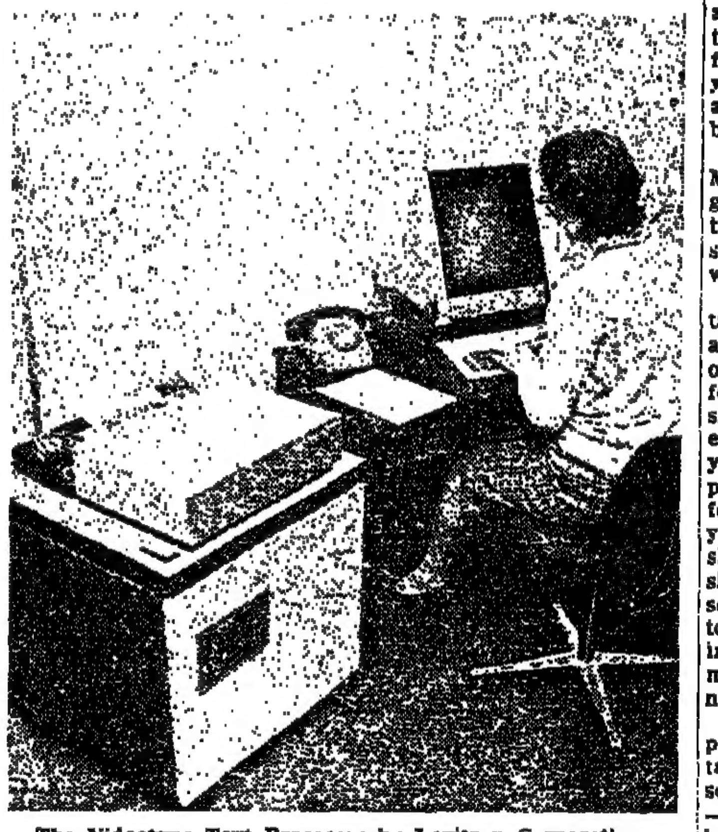
The main advantage of the machine is the CRT screen on which editing of text is done independently of the printing—the simultaneous operation of the two gives higher productivity.

As each character is typed the operator sees it displayed on the screen instead of on paper. The text can be corrected, updated or restructured by using a blinking position indicator on the screen and control keys on the typewriter. When complete, the text is recorded on a magnetic tape cassette and can be printed unattended while the operator works on the screen on the next page. According to independent studies made in the U.S., this feature can bring productivity increases of 40 per cent. over other "word processing" machines.

Lexitron has two models—the Videotype 911 which offers proportional spacing and the 920 with the high-speed Diablo printer. Both models have single stations but three memories. Purchase and rental prices for the U.K. have not yet been finalised but if the U.S. price structure is followed, the purchase price could be in the region of £10,000, making the Videotype the most expensive text editor in the U.K. However, John Pugh, Lexitron's sales manager, has a convincing argument that productivity savings can bring overall savings. After all, according to one office manager, the average secretary spends up to a fifth of her day waiting for the text to be printed on her text editor.

Lexitron started marketing its 911 in the fourth quarter of 1972 and its growth is shown by 1974 income of \$11½m. The company employs some 450 people and now has over 100 salesmen in nine offices in the U.S. although it has yet to show a profit in its accounts.

The sales effort in the U.K. is a departure for Ozalid which makes sensitised paper, copying and drawing office equipment. Ozalid will be setting up a separate sales and servicing organisation to sell the Videotype, initially in London.



The Videotype Text Processor by Lexitron Corporation.

How to treat your secretary

BY ROY LEVINE

THERE WAS a time, not long ago, when secretaries were well-bred, well-trained women who had fairly responsible work in the office for which they were relatively well paid.

The picture to-day is very different and too many bosses complain about the lack of application which modern secretaries display—in a word, their poor productivity.

As always, there are two sides to the picture. While management often has a medium for expressing its woes about such matters, secretaries do not. There are undoubtedly some secretaries who have liberated bosses who give them responsibility and sufficient remuneration, but that case is more often the exception that proves the rule.

So it is enlightening to speak to a man whose entire career has been spent working with typists and secretaries and who can rightly claim to understand some of their problems.

Whatever you think about temp. agencies, Mr. Bernard Marks (as chairman of the Alfred Marks Bureau, one of the three agencies which is a public company) does have some valid ideas about how to treat your secretary to get more out of her, in the business sense, of course.

His point, in essence, is to choose the right kind of woman and then give her more responsibility, involve her in your business and you will be surprised at the change in her productivity.

"There are two types of secretaries," he says, "those who are intelligent and seek more responsibility, and those who are poorly educated and have somehow blundered into secretarial work—the girl who has learned to type in 12 hours and then presents herself as a competent secretary. Unfortunately, there is not enough distinction between the two and both are paid equally."

Freddie Mansfield

Mr. Bernard Marks, chairman of the Alfred Marks Bureau: "British bosses are very poor at delegating."

Shortages

Most readers of this article should immediately recognise that situation. The first point, then, is to employ the first type. Getting her may be difficult at a time when there are acute shortages of conscientious and well-trained women. But, having found her, there are two things you must ensure: pay her well, and give her more responsibility.

"British bosses," asserts Mr. Marks, "are very poor at delegating." That is the first lesson to learn. And there are two simple rules that you can start with.

Firstly, lose the habit of dictating those two line letters of acknowledgment. Too many office managers have a passion for correspondence where a short phone call will do. An even better solution is to allow your secretary to screen your post each morning and decide for herself which letters need your attention and which ones she can handle herself. Then, she can prepare replies to the second group and pass them on to you for perusal before posting them. That leaves you with more time for the letters that need your personal discretion.

Another useful part in the process of liberating your secretary is to have a short briefing session with her each morning—telling her about what you have done and what you intend doing that day. She then feels a part of the management process and, if you have chosen the right girl, will respond readily to playing her part.

"Involvement in the work you are doing is essential to create job satisfaction," says Mr. Marks. And, as all of us who have experienced job satisfaction know, it makes all the difference to productivity.

Of course, the situation is different when you are employing a temporary secretary—the contract is often too short to train her or give her an appreciation of how her effort helps the organisation. This, Mr. Marks admits, is a problem. Naturally, his retort is that, while a full effort is not essential, you will produce a positive response if you give her some idea about her role. Half an hour of instruction and introduction to the work is probably well spent.

The temp market

The Alfred Marks Bureau has just released its annual report. While gross income on the employment agency side (there are other divisions) rose by a quarter to £12.7m. for 1974 the pre-tax profits fell by over 20 per cent. to £750,000. That is hardly surprising considering the effects of inflation and reduced demand during the economic recession.

But the shareholders are not the only people who have suffered. Mr. Marks points out that over the past 12 months the wages he has paid his temps have risen on average by only 10 per cent.—half the inflation rate over that period.

The implication, of course, is that temps' wages have not kept pace with the rather higher increases that many secretarial salaries have risen by over the same period—a neat argument to riposte the trade unions' objection to temp agencies that they help aggravate the inflationary pressures on secretarial salaries, but one that also contradicts his view of paying good secretaries really well.

It is expected that the various bills which will impose legislative control over the agencies for the first time will come into force in January next year. The effect on the industry will be twofold: it will give *de facto* recognition and, at the same time, impose legal restraints on the more peripheral activities—a welcome development, since the industry is self-regulatory through the Federation of Personnel Services which handles about 70 per cent. of all temp bookings.

The main piece of legislation which will affect the industry is the Employment Agency Act 1973. This was fully investigated, at the instigation of the TUC, by Mr. Michael Foot, the Employment Secretary, and given more teeth, has passed the screening.

The effect, when it becomes law, will be to force each of the agencies to register with the Government. Control will thus pass from local authorities to central government. It seems that all of the existing agencies will get licenses, but that the much stricter rules for registration could impose a barrier to aspirants who are not already in the industry.

The conduct of the agencies until now controlled by a voluntary code of conduct imposed by the Federation, will be subject to stiff regulations which seeks to ban the "pirate" operations which have attracted so much criticism.

These include the three main sins of misleading advertising, encouraging placed secretaries to change jobs to generate more income for the agencies, and unfair treatment of foreign workers. Added to that is the prohibition contained in the 1975 Finance Bill to pay agency staff without deducting PAYE.

Welcome

The legislation is heartily welcome, for most of us have experienced the evils of temps at some time. What is now needed is to get a higher standard of performance from the agencies both in selecting girls they employ and in the girls' commitment to their work. Is it possible, for example, to incorporate some kind of incentive bonus for their work?

Unfortunately, the demand and supply situation in the market is hardly conducive for, despite the recession, it remains a buyers' market.

According to Mr. Marks, there are still six jobs for every applicant in the secretarial market, as against 8:1 during the boom years of 1973-74.

That would suggest there is enough work for the temp agencies which have over 3,000 offices around the country and share annual billings of between £60m. and £70m. So, not surprisingly the Alfred Marks Bureau is opening another few branches this year which will bring its total up to 124.

The pool of temps seems large enough at around 500,000, even though there are only about 60,000 temps actually working for an average of about 35 weeks a year—and making up about 2 per cent. of the total office population in the U.K.

A survey to be published this week shows that no less than 8 per cent. of temps do temporary work because they are not in a position to work full time. Another 13 per cent. prefer the varied work routine and, no doubt, there are among this group the pathological job changers.

If that proportion of temps to total office workers seems high, it might surprise you that it is over 3 per cent. on the Continent where the industry enjoys more respectability.

In France, for example, the industry has annual billings of no less than £275m. and in the U.S. it draws over £2,000m. Even if we in the U.K. do not reach that degree of market penetration, employment agencies know they are on a growth market over the long term—there are on average over 100,000 new office jobs being created each year as the trend towards a service economy develops. In the U.S., for example, nine out of every 10 new jobs created are white collar. And not all of those are for full-time work.

EEC has cost 500,000 jobs in U.K., says Benn

By John Bourne and Elinor Goodman

MR. ANTHONY WEDGWOOD BENN, Secretary for Industry, and a leading anti-Market Minister, said yesterday that Britain faced accelerating unemployment by staying in the Common Market.

He added that probably 500,000 jobs had already been lost in the U.K. because of the deficit in manufacturing trade with the Six: nearly 140,000 directly and 360,000 as a result of general deflation.

Using the U.K.'s Overseas Trade Statistics he calculated that 3,000 jobs had been directly lost in chemicals, 43,000 in steel, 3,000 in textiles, 41,000 in cars, 28,000 in machinery and 4,000 in other finished manufactures.

"Three years of EEC membership has been an industrial disaster for Britain. Our widening trade gap leads inexorably to accelerating loss of jobs, and the Commission has the power to forbid us to act to halt this trend," he added. On the last point, Mr. Benn instanced the Government's proposals for rescuing British Leyland—which so far had only been "acknowledged" by the Commission—and whatever final proposal the Government might produce for Alfred Herbert.

Mr. Benn, speaking at a National Referendum Campaign Press conference, said that soon British steel would be competing with its former skilled workers who had gone to Europe for jobs.

He added that Britain would not be able to correct its trade deficit unless it was free to trade on its own arrangements worldwide and to take action on industrial investment which might run counter to EEC rules against the infringement of "fair competition."

An NRC spokesman added that in the coming Press conferences the campaign spokesmen would argue, as Mr. Benn had done, only on the basis of "facts, credibility and honesty," rather than with the "gloom and despondency" prophesied by their critics. This seemed a direct counter-attack on Mr. Anthony Crosland, the Secretary for the Environment, who had said the day before that he found the "degree of fanaticism" in the Common Market debate "very disturbing."

The fanatics, added Mr. Crosland, had exploited trade and investment figures to insinuate the supposed effect of EEC membership. "The suggestion the Commission is somehow responsible for the threat of unemployment in the steel industry has no basis at all in reality," said Mr. Crosland. "We hear that unemployment is the EEC disease because unemployment is higher in some Continental countries than it is here. Then we are told that as a result of the Treaty of Rome jobs are being exported to the Continent."

Withdrawing from the Common Market would mean letting down some of the poorest members of the Commonwealth, Mr. George Thomson, a Common Market Commissioner, said yesterday. It was the European Community that stirred the conscience of the United Nations, to help the Fourth World, he said. Leaving the Community would mean destroying, as far as the Commonwealth was concerned, the Rome Convention "almost before the ink of the British signature was dry on it."

Mrs. Barbara Castle, Secretary for Social Services, challenged M. Ortoli, president of the EEC Commissioners, to answer three questions concerning the Commission's jurisdiction over its members. First, she asked the Commission to undertake not to declare the British Government's plans to save British Leyland illegal under Article 92 of the Treaty of Rome. Second, she demanded an assurance that if Britain stayed in, the British Government would not be obliged to put further taxes on imported foods from outside the Community and finally, she asked M. Ortoli to make his position clear as to whether laws passed by British Parliament would have priority in the British courts over EEC regulations.

Most local Labour parties had decided not to actively take part in the campaign being run by the anti-Market section of the Party, Mr. Norman Hart, deputy chairman of the Labour Committee for Europe, claimed yesterday. Mr. Roy Grantham, secretary of the Trade Union Alliance for Europe and a member of the TUC general council, said his group was getting a considerable response from the shop floor.

● Six out of 10 voters intend to vote to stay in Europe, a Gallup Poll carried out for yesterday's Sunday Telegraph showed. The Poll indicated a 3 per cent. increase in pro-Market support since Gallup's last poll earlier this month with 60 per cent. for and 29 per cent. against the Market with 11 per cent. "don't knows."

'Better outlook for trade with Russia in EEC'

FINANCIAL TIMES REPORTER

PROSPECTS FOR British trade with East Europe and the Soviet Union look better inside, rather than outside, the EEC, according to a report by John and Pauline Pinder and published to-day jointly by the Royal Institute of International Affairs and Political and Economic Planning (PEP).

The report, on EEC policy towards Eastern Europe, points out that the trade of the Community's six founder members with the East European members of Comecon increased six-fold between 1964 and 1974—a rate of growth double that of trade between Britain and East Europe.

Though Britain has remained the second most important market for the Soviet Union, largely because London is still the entrepot for Russian commodities such as diamonds and furs, it has fallen from being the second largest West European supplier to the Soviet Union in 1964 to the fourth largest now.

Tariffs have not been the chief obstacle to East-West European trade; most Russian exports, for instance, to the EEC are raw materials, on which Brussels imposes no tariff. Much more important are import quotas and the Pinder report notes that there are now on the common liberalisation list some 853 (out of a total of 1,097 items in the Brussels tariff nomenclature) from which member governments have agreed to lift quotas.

It is on the question of relations with the Communist bloc that political co-operation has been most successful, notably the common stand taken in the European security talks in Geneva.

But, as the Pinder report shows, there are equally compelling reasons for economic co-operation—to ensure, in particular, co-ordination on the export credit front so that East European and Soviet State trading monopolies do not play the West Europeans off against each other, and so that the EEC can compete with the U.S. for the really big Russian projects that may require up to \$5bn. to \$10bn. in western financing.

Trade talks, however, have not yet got off the ground, despite Brussels overtures to individual East European governments and the meeting between Commission and Comecon officials in Moscow in February. The report's authors suggest that Comecon officials may be awaiting the results of the British referendum before accepting the Commission's invitation for return talks in Brussels.

Sedgwick Forbes in joint venture with Arab group

BY DAVID BELL

SEDGWICK FORBES, a leading international insurance broking group, is the latest major broking company to set up a joint venture with Arab interests in the fast-growing Middle East market.

A new company, Sedgwick Forbes Middle East, has been set up with six new offices in Riyadh, Jeddah, Cairo, Abu Dhabi, Bahrain and Beirut. A multinational Arab group, which has been trading under several names in the area, has taken a half share in the new company.

A number of Sedgwick Forbes' staff from its British and European companies are already in the Middle East and Mr. I. H. F. Findlay, chairman of Sedgwick Forbes Holdings, said at the weekend that the new company gives Sedgwick Forbes an outlet in an area which is among those developing fastest in the world.

Last week, another major broking group—Bland Payne—announced that it had formed a joint venture with Arab and Iranian interests in Iran to add to its existing network of offices in the Middle East.

Art market sales up 5% in 1975

By Michael Thompson-Noel

THE ART market's restored sense of confidence was confirmed at the week-end by Christie's, which said that sales at home and abroad during the first four months of this year totalled £7.75m., a 5 per cent. gain on the corresponding period last year. Sotheby's figures, although not yet finalised, confirm this picture, as do Phillips's.

The recovery, which follows last autumn's slump, is notable for two reasons. First, the January-April period is invariably the market's quietest; second, the corresponding four months last year coincided with the height of the 1972-mid-1974 art market boom.

All three auction houses report a big increase in the percentage of lots sold in recent weeks, plus a strong inflow of art goods for the big summer sales.

These are expected to benefit from the natural time lag between an improvement in prices in the sale rooms and an increase in the volume of goods sent for sale. It was largely a sharp drop in the volume of goods, together with high reserve prices, which accounted for the downturn last autumn. Sotheby's sales during October-December last year fell £9m. to £27.4m.; Christie's fell £3.7m. to £12.8m. Both companies were on the mend, were forced to lay off staff.

On the mend

A Christie's spokesman said at the weekend: "The first sign that things were on the mend came in a sale of Eastern rugs and carpets on January 13, which totalled £130,504. All 54 lots were sold.

A spokesman for Sotheby's said recent significant prices included \$250,000 for a 16th-century Oriental manuscript at a sale at Sotheby Parke Bernet, New York, on May 2, and the "extraordinary" series of prices seen in a sale of Italian majolica at its Bond Street sale room on March 18.

Mr. Christopher Weston, chairman and managing director of Phillips, London's third biggest auction house which specialises in the middle and lower ranges of the market, said prices had firmed considerably, particularly for furniture, and that the company had taken on extra staff to deal with valuations and to give advice to the public.

Fabian call to aid poor areas of cities

THE DESIGNATION of social priority areas within inner cities to help regenerate Britain's towns was called for yesterday in a Fabian pamphlet.

The authors want the creation of regional and urban development corporations to channel funds to essential projects that help create and maintaint the economic base for the poorest areas.

The pamphlet claims that despite many attempts to replace the structure of inner cities after the big employers have moved out, "urban renewal" has failed to create self-sustaining communities. The process of "development" works proved a disadvantage to those already badly off.

The authors—Nicholas Falk and Haris Martinos—call for a more coherent approach to the management of these areas and the setting up of economics departments within local authorities together with economic plans for metropolitan areas.

Fabian series 320; 51p; from the Fabian Society, 11, Dartmouth Street, London, S.W.1.

LABOUR NEWS

Chemical workers study 30% offer

BY OUR LABOUR CORRESPONDENT

LEADERS OF 60,000 chemical industry workers are considering a revised pay offer which would increase the industry's minimum rate by more than 30 per cent.

Few chemical workers, however, are actually on the minimum — used mainly for calculating premium payments—and for the vast majority, whose locally negotiated settlements keep them well above it, the offer involves "new money" increases of about 20 per cent.

Before meeting the Chemical Industries Association again later this month the unions, led by the Transport and General Workers' Union and the General and Municipal Workers' Union, will consider two alternative offers. They can either have an extra £4.80 a week on rates from May 8 or £4 from May and a further £1.60 in November.

In addition to these offers the employers have agreed to boost the minimum rate by a further £3.60, which will be consolidated from existing bonus payments where possible.

The CIA has rejected union demands for a cost of living threshold arrangement. But union negotiators believe the employers are prepared to include a "re-opener" clause in the agreement which would allow further negotiations if the cost of living continues to escalate.

Union negotiators, who had claimed a £10.50 (38 per cent.) increase in the minimum rate, meet Imperial Chemical Industries later this week when they expect a reply to demands for average increases of 55 per cent. to restore the wage levels of 65,000 ICI workers to 1973 levels.

Last year, workers in both the general chemical industry and ICI concluded two-stage deals giving Stage-Three increases followed by further rises once the statutory wage limits were lifted at the end of July. Those deals, estimated to have been worth between 19 and 27 per cent., included £1.20 a week in lieu of a cost-of-living threshold agreement.

Leyland accepts special status for engine tuners

BY OUR OXFORD CORRESPONDENT

BRITISH LEYLAND has accepted the proposal by an independent inquiry that the 250 Cowley engine tuners who struck in January over a claim for skilled status, should be in a special category of production workers. The strike caused the loss of 3,500 cars worth £5m. in the showrooms.

There are to be talks at Cowley to see how the recommendations of the Advisory, Conciliation and Arbitration Service Inquiry can be implemented.

They open the way to a two- or three-tier wage structure for production workers in the Cowley factories although this is likely to be resisted by the Transport and General Workers Union, which represents most of the 9,000 production line workers at Cowley.

The Amalgamated Union of Engineering Workers, which made the strike official, now accepts Leyland's adoption of the inquiry's main recommendation.

A third of the tuners are in the TGWU. The union has agreed to join the talks, but unlike the AUEW, it has merely noted the company's acceptance of the recommendation, and says its consent to join in negotiations is "without commitment."

Prentice warns teachers of threat to employment

FINANCIAL TIMES REPORTER

UNEMPLOYMENT COULD hit teachers in 1976-77 Mr. Reg Prentice, Secretary for Education, warned at the weekend in an article which was strongly criticised by the teaching unions. Writing in the magazine Labour Councillor, he said that the education service had to face up to the fact of the country's economic problems like everyone else. As a result there might not be full employment for all new teachers in 1976-77 and school meal charges might have to be increased.

Mr. Prentice's warning of austerity measures was attacked immediately by the National Union of Teachers and the National Association of Schoolmasters. Mr. Fred Jarvis, general secretary of the 260,000 strong NUT, said it was the height of folly for the Government to go to the considerable expense of training teachers and then to actually contemplate not providing jobs for them.

Mr. Max Morris, ex-president of the NUT and a current member of its executive, said that Mr. Prentice did not seem to understand that lower investment in children was "cock-eyed economics."

Education cuts alongside rapid inflation was a sure recipe for making things worse in the end, he said. He accused Mr. Prentice of announcing next year's cuts before he had even discussed the problem with local authorities and teachers.

Employers may leave ACAS over jobs Bill

EMPLOYERS' representatives may have to withdraw from the Advisory Conciliation and Arbitration Service, one of the mainstays of the Government's industrial relations policy, because of the tasks assigned to the service in the Employment Protection Bill, one of its members warns to-day.

Writing in the May issue of Industrial Management, Mr. Tony Peers, industrial relations director of the Engineering Employers' Federation, said the employers could not co-operate with the ACAS drawing up a code of practice on the disclosure of company information to the unions as envisaged by the Bill.

"Who on the employers side is going to want to help in the drafting of a disclosure of information document which can subsequently be used by union representatives as another tool for collective bargaining?" Mr. Peers said. ACAS was in danger of becoming a "dead duck" because of political interference.

ITV may go off the air

INDEPENDENT TELEVISION may go off the screen indefinitely from next Friday because of a labour dispute. The companies have warned that they may not allow a resumption of work if the Association of Cinematographic Technicians and Allied Trades carries out its threat to go on strike over the Bank Holiday week-end.

ACTT has served official strike notice for the period from 6 a.m. on May 23 to 6 a.m. on May 26 because of a dispute over payments held back during the period of the former Conservative Government's wage freeze.

The companies say that a settlement last summer took care of all outstanding claims and that if the blackout goes ahead there would be "no resumption of work until the union's claim is withdrawn."

£3.5m. contract with Russia

By Our Newcastle Correspondent

GEORGE ANGUS, part of the Dunlop group, has won a £3.5m. contract to supply machinery and technical knowledge to Russia.

The company, which manufactures fluid fields at Wallsend on Tyneside, won the contract against strong international competition. It will take $2\frac{1}{2}$ years to complete with the first deliveries of moulding and finishing machinery going out in about nine months.

The George Angus order is part of a larger contract won in Russia by the Dunlop-Pirelli group.

The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● HANDLING

Electronics improves lifters

HAILED by the company as a major advance in design the electronically controlled lift trucks announced by Lancer Bros. are the 4,000 lb to 7,000 lb cushion and pneumatic-tyred P and M series.

More torque at the driving wheels means that trucks can be operated rapidly and confidently over sloping and uneven ground—usually barred to electrics—while greater flexibility in controlling lift and tilt enables fragile loads to be handled safely.

Novel methods of controlling hydraulic and traction functions, based on silicon-controlled rectifiers, have been called "Varispeed and Supertronic Hi-traction".

Infinitely variable control of power steering, tilt and lift speed are provided by the modular electronic Varispeed, which pulse-controls a single hydraulic pump motor at three speeds—low, slow and high. At 500 rev./min. the pump supplies steering; at 1,000 rev./min. it operates tilt and lift; and at 3,000 rev/min. it *provides full-speed lift.*

Varispeed also improves usage of available battery power. In *many applications, it will give* significantly more working life per charge compared with traditional systems. Moreover, motor life is lengthened.

Hi-traction, the second generation of the LancerBoss Supertronic, controls the drive motor to give a stepless range of travel speeds with fine inching ability. Its principal feature is the much higher currents that can be generated in the traction circuits *on demand. These reduce cycle* times, provide faster negotiation of ramps, and more rapid acceleration to optimum working speeds. The trucks can negotiate potholes, kerbs and other obstacles with full electronic and thermal motor protection.

Hi-traction thus enables pneumatic-tyred electric machines to *be operated out of doors over* ground and on duties more suitable, until now, for diesels. In one test, a truck completed a 100 feet sprint only one second slower than its diesel-engined counterpart.

All control gear is subject to the LancerBoss warranty of 4,000 hours or two years' operation. Many components and sub-assemblies are interchangeable with those on ic-engined models *to minimise spares holdings and* simplify servicing for users of both types.

LancerBoss, Leighton Buzzard, Beds LU7 8SR. Leighton Buzzard 2031.

● RADIO & TV

Accurate receiver

LIKELY APPLICATIONS for a new pair of vhf professional quality radio receivers from Eddystone Radio are point-to-point fixed and mobile communication, *search* and *surveillance* within the band, monitoring and laboratory use.

There are two versions, one covering the 25 to 235 MHz band (the 1990R/1) and the other extended to 500 MHz, the 1990R/2. The two receivers are otherwise identical and provide reception facilities for am, fm, cw and pulse transmissions. Operating voltage can be taken from any standard 40 to 60 Hz ac mains, or 12 V dc with negative earth.

The receivers provide excellent *rejection of interfering signals.* Front and selectivity is provided by three tuned circuits ahead [of] the mixer on each range, although these can be by-passed to allow direct input to the mixer for wide band applications.

High stability working [is] *ensured by the provision of* either a switched ten channel crystal facility or an integral synthesis unit which allows continuous tuning with locking every 100 Hz. The IF filter complement allows options for 200, 50, 25 and 12 kHz channel spacing.

Other features include separate detectors for each signal mode, varactor-tuned crystal beat-frequency oscillator, manual or automatic gain control and carrier controlled muting.

In its bench mounting form the receiver measures 502 x 1[illegible] x 457 *mm* and weighs 25 kg. Further information from Eddystone Radio, Alvechurch Road, Birmingham B31 3PP (021 475 2231).

● PROCESSES

Tanker wash with crude

BP HAS pioneered and is making commercially available a method of using cargo for tank washing on crude-carrying tankers. Recently, a successful seminar for 18 major Norwegian operators was held in their country.

Companies who propose to use the process will be briefed on techniques and will be instructed on how to prepare a crude oil washing programme for a selected ship.

Crude oil tank washing has been *introduced by BP into its* own crude-carrying fleet over the past two years and breaks new ground. Crude oil is used to wash tanks during discharge in port, and only the tanks used for clean ballast require a minimal water wash afterwards.

Principal benefits of the system include time saved in tank washing and a considerable increase in the ship's cargo outturn during discharge. It also reduces the risk of oil pollution at sea and inhibits corrosion of the internal structure of the cargo tanks. Standard of cleanliness achieved is high enough to reduce and sometimes obviate the need for manual cleaning before drydock and, in addition, time spent preparing for drydock—a costly period during which ships are not *earning—has been sub*stantially reduced.

BP is marketing the system within the U.K. and internationally among tanker operators. Britannic House, Moor Lane, London EC2Y 9BU (01-920 7308).

Bevels and trims clean

SWISS precision-made trimming equipment, designed to trim or bevel laminate or veneer overlays and edging strips flush with an underlying panel, is being marketed in the U.K. by MW Equipment, Progress Works, Shawcross Street, Stockport, Cheshire (061-480 8481).

Known as the Hebor P.72, it will trim a surface laminate cleanly and accurately even if the edge of a bottom laminate is also overhanging the main panel. The machine will also trim or bevel an edging strip flush with *the top and bottom surface and,* in addition, has the unique ability to cut the edging strip *to length with either a square* or bevelled end finish.

Widely used on the Continent, *the Hebor P.72 will have applica*tions throughout the woodworking, furniture-making and shop-fitting trades. A two-piece machine, it consists of a lightweight cylindrical motor unit which is designed to fit into a separate adjustable guide fitting. The cutting tool incorporates a powerful 420W motor for 110 or 220 volts supply or, alternatively, can be supplied for pneumatic operation. It is supplied complete with a tungsten carbide tip fully protected by a clear acrylic shield during operation to prevent injury from either the cutter itself or from flying fragments of laminate. The high cutter speed of 27,000 rpm ensures a clean finish to the work.

● METALWORKING

MIG for the amateurs

NEW, MOBILE MIG welding for the light fabricator with little practical experience of such equipment, is being made by BOC Arc Equipment, Milton Keynes, Bucks.

Lynxpak 200 operators need only know the thickness of material to be welded, dialling the value on a simple scale which says where to position the two *voltage switches to obtain the* optimum welding condition. The next simple step is to press the *torch switch.* The unit then welds.

BOC is aiming at small fabri*cators, who are anxious to boost* production and cut welding costs, but have been put off until now *by the apparent complexity of* MIG equipment and the need for a skilled operator.

Lynxpak 200 combines a 200 ampere power source and wire feed unit within a single strong case, *mounted on fixed under*gear with integral cylinder carrier. It can be used for con*tinuous welding of mild steel* sheet and plate from 0.6mm to 6mm (22swg to ¼in.) and has a *built-in spot welding facility for* sheet metal.

Supplied with LT-3M MIG torch, 3m lead, reel of 0.8mm wire, gas regulator for argon/5 per cent. CO_2 (Argoshield 5) *shielding gas, plus all torch and* feeder accessories, it needs only a mains supply and cylinder of *gas to begin welding.*

Other wire sizes, up to 1.2mm, can be accommodated and CO_2 shielding gas may be used after adding an optional heated regulator. A heater power supply and plug are standard fittings.

BOC, Hammersmith House, London W6 9DX. 01-748 2020.

Teeth for cleaning crucibles

OSBORN-MUSHET Tools was *approached by the British* Aluminium Co., with a technical problem on cutting teeth for a *crucible cleaner. The cleaning* machine consists of a wheel with teeth on its diameter and circumference—it is used to *remove* solidified cryolite flux.

In addition to the high impact loads imposed by the cryolite, crucible temperature is around 900 deg. C., which could lead to softening of the cutting edge of the tool after a short work period.

After tests, British Aluminium is using the company's V.G. toolbits in M15 steel. Mushet, which is at P.O. Box 37, Penistone Road, Sheffield S6 3AH (0742 78622), claims to have mastered the *techniques of working with this* abrasion resistant steel to a degree which puts the company ahead of its competitors in *supplying this type of cutter.*

Weld joints kept clean

D-OXAL IS *a protective coating* which not only makes the recleaning of prepared weld joints unnecessary but can be left on the surface during the welding process. It has been introduced by the special products department of Air Products, Crewe, Cheshire.

D-Oxal protects against *rust.* High tensile carbon, carbon moly and chrome moly steels must be as clean as possible to get a sound weld—yet they are easily corroded. Normally these steels must be welded very soon after grinding or other types of joint preparation.

The most *easily avoided* cost incurred in welding is in the recleaning of prepared weld *joints. The cost of sandblasting* and wire brushing on stored steel plate and pipe can be drastically reduced using *D-Oxal.* When this product is applied it can take just five minutes to brush 30 feet of steel plate. A coating means that delays of months can be allowed to elapse between the *original weld preparation and the* actual welding. Hence D-Oxal finds particular application for site construction work, permitting preparation of welded joints in the workshop and subsequent welding *on site some weeks or* even months later.

Tests performed by the North *of England Industrial Health* Service shows that thermal degradation products associated *with the welding of steel plate* coated correctly with D-Oxal do not constitute a hazard to health. *A gallon is sufficient to cover* 1,200 square feet or a 1 inch strip 14,000 feet long—well over 2½ *miles of welding.*

● MATERIALS

Anti-slip surfaces

ELIMINATION OF hazards in the work environment is an obligatory policy for all employers since the Health and Safety at Work Act came into *effect on April 1. The most com*mon hazard to all personnel is the neglected pedestrian area. Falls are the biggest single cause of industrial injuries and their cost to country amounts to *several hundred million pounds* a year.

Quick, easy and effective *answer to this massive problem* is the application of "3M Safety-Walk" anti-slip material. Self-*adhesive backing makes it simple* to lay and it provides a sure footing on slippery surfaces, *steps,* walkways, *ramps,* around machinery and in kitchens and canteens.

The general purpose surfacing consists of a tough waterproof flexible film coated with hard *mineral grains.* Conformable anti-slip surfacing, as the name implies, can be applied to irregular *surfaces* such as pimpled, diamond shaped and patterend steel. It too is manufactured from hard mineral grains.

A resilient type of anti-slip material is constructed from a rubber/latex compound with a textured stippled surface and is designed for the "softer" application such as bathrooms, swimming and sauna baths and changing rooms. Because it is non-abrasive this type is not liable to sparking and is therethere used where there is a danger from escaping inflammable vapours and gases.

Information from the BS and CP group of 3M United Kingdom, 3M *House,* Wigmore Street, London W1A 1ET (01-286 6044).

Stands up to sauce

A PIPE system made from Cycolac ABS material and supplied by Durapipe has been in satisfactory service at the Smedley HP Foods factory at Aston, Birmingham, since 1960. This member company of the Imperial Foods Group is in sauce manufacture and the brewing of vinegar. Both processes necessitate the use of hygienic, corrosion-resistant pipework systems.

Cycolac ABS is used for all pipework in the factory for the transport of sauces from storage vat to bottling machine. Up to 1960, glazed porcelain or glazed earthenware pipework was used for sauce transportation. Besides being vulnerable the porcelain and earthenware pipework had to be continuously supported and was difficult to modify and extend.

The company's engineers found that, because of its ductility and high impact strength, ABS withstands all the hazards of an industrial environment and *is very easy* to modify and extend. An added bonus has been the freedom from product *build-up on pipe walls which pre*viously occurred. The factory now has over 3,500 metres of *ABS pipe in use for sauce trans*portation.

Cycolac ABS engineering thermoplastc is produced by Borg-Warner Chemicals. Its advantages when used for extruded pipe and fittings are that it is non-toxic and non-tainting, cannot corrode, and has high impact strength over a wide temperature range from −40 deg. C to 70 deg. C. It has low thermal conductivity and can often be used to transfer hot or cold substances without lagging.

Borg-Warner Chemicals U.K., York House, Clarendon Avenue, Royal Leamington Spa, Warwickshire.

● PRODUCTS

Split/coiled non-stop

AN AUTOMATIC slitter coiler *for the printing, covering and* packaging industries has been designed by Hurley-Moate, Plane *Street, Oldham, Lancs., (061-624* 8923). The machine produces small reels of paper and film of *up to 10 inches diameter* and 15 inches width.

First installation is at Sterling *Coated Materials, Stalybridge,* Cheshire, where six ribbons are slit from a 50 inch diameter, 60 *inch wide parent reel of coated* paper. The ribbons are fed to small independent rewind turrets *—believed to be the smallest* automatic rewind flying roll-stands in use. It produces 580 small reels per hour.

The rollstands can take core sizes from 1½ to 3 inches diameter. Reels can be produced on different core sizes and wound to different diameters from the same master reel.

Drive units have many options

SPEED CONTROLLERS for dc motors up to 800 hp (600 kW) featuring modular construction *and a selection of options to* allow customer requirements to be met quickly has been put on *the market by* Allenwest, Brighton BN2 4QE (0273 66666). Matched motors can be supplied if required.

Known as the Silcon-B type BDC-3062, the drive's main modules are a servo-driver consisting of plug-in circuit cards in a swing-down frame and a power conversion module in three frame sizes.

The drive can be supplied either as a floor-standing cubicle complete with operating controls, instruments and auxiliary drive control equipment, or as an open assembly made up of driver, power conversion module, motor contactor and field supply circuits. Regeneration is available as a standard optional extra by adding one or more control cards and a second power control module.

A feature of the drive is a six-thyristor bridge which reduces *motor heating and allows more* drives to be used on a common supply because of reduced harmonic content.

● HYDRAULICS

Disturbing trend in valves

A SPECIAL report released this week sounds a note of warning to second-line and primary suppliers of engineering equipment to the marine industry—particularly valve manufacturers. It points to an inevitable decline in demand over the next half decade ending 1980 in comparison with the level over the past five years.

The Report, entitled "The World Market for Marine Valves," *produced* by R. W. Kinnaird and Company, 75, Buchanan Street, Glasgow (041-221 7430), offers marketing, production and financial executives engaged in the valve industry of the marine auxiliary market a detailed basis for planning and forecasting up to 1980 (with a section on oil exploration and servicing needs) and an opportunity to measure and assess their private performance in this sector over the *past half decade. All valve types* (from gate to ball valves) by outlet are assessed against the changing structure of the marine industry.

● DATA PROCESSING

Datasaab in clearing complex

CENTRAL Trustee Savings Bank has ordered Datasaab equipment to handle the credit-in clearing *system at its new premises in* Gracechurch Street in London. The installation is based on four D15 mini-computers back-to-back, each with 32K bytes of store and 10 Megabytes of disc. Sixty on-line input work stations will handle in excess of 120,000 vouchers daily, for settlement and distribution among 1,500 branches in the TSB network.

Each of the four systems will be controlled by a supervisor's video display unit. A high degree of fail-soft capability will be incorporated in the design, and work stations will be switch*able to provide 95 per cent.* serviceability in the event of failure of one of the systems. The value of the *order* is approximately £200,000 including a software contract which Datasaab is handling in-house.

This is the first big step into the finance field for Datasaab in the U.K., although world wide they have orders for almost 14,000 of their banking terminals and mini-computers. A second banking order in the City is anticipated shortly and during the summer Datasaab will be announcing further equipment *specifically aimed at the finance* market.

Datasaab, CSC House, North Circular Road, *London* NW10 7UG. (01-903 3921).

Building and Civil Engineering

£14m. housing for Bovis

GLC HAS given Bovis Construction the major building contract for Phase II of the Eltborne Road housing development at Islington, North London.

The scheme comprises 717 dwellings in 56 blocks. In addition, there will be shops, tenants' recreation facilities, an old people's clubroom, a rent office and extensive external works. Three boiler houses will supply district heating and hot water throughout the scheme, which covers an area of approximately 10 hectares.

The work is to be completed in eight sections over a period of five years, on a value/cost basis, and is estimated to cost in the region of £13m.

Bovis and the GLC are jointly setting up an autonomous office at the site to administer and direct the scheme in its entirety. The first dwellings section (85 homes) is due to be completed in April, 1977, and further section completions will be achieved at an average of six-monthly intervals.

Dwellings and ancillary buildings are generally of load-bearing brickwork and timber, pitched roofs, covered with tiles. Party floor slabs and boiler houses are of reinforced concrete, as are the tie beams, edge beams and columns in the maisonettes.

Existing within the area covered by the Eltborne Road scheme is the Archway School, access to which has to be maintained throughout the building programme.

London Borough of Southwark has awarded further housing work to Southwark Construction, the joint contracting organisation formed by the Borough's Direct Works Department with management and consultancy services supplied by Bovis Construction.

The contract secured in open competition is valued at £755,000. It involves the construction of 58 dwellings in 28 units at Southwark Park Road, plus 25 garages in three separate groups. Work on site is due to begin in July-August, 1975, and the contract period will be 21 months.

The dwellings are of load-bearing crosswall construction, with in situ suspended floor slabs and timber pitched roofs covered with tiles.

Bowey group takes £1.2m.

TOTALLING about £1.2m., new jobs by the Bowey Group of building and civil engineering contractors, Gosforth, include a £150,000 contract won by the subsidiary, Internal Building Services for ceilings in the John Lewis Partnership store within the Eldon Square, Newcastle development. The work takes in 30,000 sq. yards of ceilings, the equivalent of 25,000 sq. metres or 6¼ acres and about the same area as the ceilings for 270 houses.

Ralph Bowey and Son, main building company, has added about £600,000 to the group order book, while William T. Wallace and Son (civil engineering) has taken orders worth about £270,000, including a £116,000 roads and sewers contract and a £51,000 roadworks contract from Washington Development Corporation.

Further contracts totalling about £150,000 have also been won by group subsidiary companies Gosforth Joinery Works, Gosforth Painters, Internal Building Services, J Ward (Electrical) and Greener Engineering Service.

Halcrow's Guyana team

WORLD BANK backing has been provided for a large rehabilitation and irrigation scheme primarily to expand rice production in Guyana. Total value of the contracts to be awarded will amount to $U.S.18½m., with the World Bank providing $12.9m.

Sir William Halcrow and Partners will be the team leaders in the civil engineering consultancy job, the other members being Bookers Engineering and Technical Services and Urwick, Lugg and Gould.

Aubrey Barker Associates of Georgetown will play in important role in advising the team which has to decide on the best methods of rehabilitating some 28,000 acres of irrigated land and of bringing into cultivation a further 41,750 acres.

The planning and design of considerable extents of irrigation channels and drainage systems will be one of the major operations in the work of the consultancy.

Wimpey's three jobs

BOROUGH of Eastleigh has placed a £1½m. job with Wimpey involving 167 dwellings in No-Fines techniques.

Of these houses, 135 will be three-bedroom units and 35 one-bedroom flats. Roads, sewers and externals all form part of the contract, due for completion in September next year.

Northwards, over the border, Greenock will be the site for a £776,000 contract for 61 homes, built to the design of Greenock Corporation.

In Canada, following on the £3.38m. work announced last week, Wimpey's Canadian subsidiary has won another £560,000 of work on three new jobs.

In this area it is expected that there will be a further growth in turnover during 1975 from the record £28m. in 1974.

Norfolk hospital

DRAKE and Scull Engineering has received a contract from the East Anglican Regional Health Authority worth £2.7m. for the installation and commissioning of heating, air conditioning, electrical and plumbing services at the new 840 bed King's Lynn district general hospital, Norfolk.

Work has started on levelling the site and the hospital is scheduled for completion by mid 1979.

Costain's £9m. in Nigeria

TWO IMPORTANT jobs worth £9m. have gone to Costain (West Africa), only publicly quoted construction company in the country. Civil engineering works for extensions at Nkalagu Cement Works and Ngbo Quarry for the Nigerian Cement Company will account for £4m. of the total. Nkalagu is a fully operational cement works and the new structures will be adjacent to those already in existence. The contract is to design and construct machinery foundations, concrete superstructures and structural steel buildings.

Additional facilities provided by Costain will be: 2 kilns with coal mills and smoke chambers; 2 concrete chimneys each 60m. high; 2 raw mills; 2 cement mills; 3 bays to crane store with retaining walls; slurry basin and pumphouse; clinker conveyor and substation extension. The contract also includes roads and drainage and a small bridge over an adjacent river.

The second contract, for over £5m. was awarded to Costain by the Rivers State Government to construct a ten-storey podium block for the New Secretariat at Port Harcourt. Construction generally will be of reinforced concrete frame on piled foundations with blockwork infilling and metal windows.

Ready mixed code must help users

AS A LOGICAL development to its authorisation scheme, British Ready Mixed Concrete Association has published its code for the specification, ordering and production of ready mixed concrete.

The only construction material manufactured under factory conditions, ready mixed is sold in a partially finished state and then has to be handled and compacted into place by the purchaser to provide the end-product required by the specifier. A satisfactory concrete job depends upon co-operation of the many people involved. When difficulties occur, these can usually be traced to a lack of communication, understanding and co-operation between the specifier, the purchaser and the supplier.

It is to overcome these difficulties that BRMCA has prepared its code, the main parts of which cover areas of responsibility of the specifier, the purchaser and the supplier whenever ready mixed is used.

Part I lists the essential items which the specifier should include in his specification for concrete, including concrete mixes and standards of production, preferred mixes, materials and workability; the methods to be used and the action to be taken when the concrete does not comply. These items apply to all specifications, prepared by architects, engineers and public authorities.

Part II describes the information which should be provided by the purchaser and the supplier at the inquiry and quotation stages of the contract.

The supplier can only satisfy the needs of the specifier and purchaser if, for every order, he is provided with full details of the concrete mixes and any special delivery and handling requirements.

Parts III and IV describe in detail the BRMCA Authorisation Scheme which lays down minimum standards for operating procedures for the production and technical control of ready mixed concrete. Each BRMCA member has agreed to abide by the scheme and has given a written undertaking that these standards will be maintained at each and every depot and that defects will be promptly corrected.

Every one of the 1,000 depots of BRMCA members complies with the basic part of the scheme and over 440 have been certified as a "BRMCA Approved Depot with Quality Control Procedures."

In less than 25 years, the ready mixed industry has grown to become the major producer of concrete in Britain, supplying as much as 30m. cubic metres annually from 1,100 depots in all parts of the U.K. In 1974, 44 per cent. of the total cement production was consumed by the industry, representing as much as two-thirds of the total in situ concrete placed by the contractor. BRMCA member companies supply over 95 per cent. of the total ready mixed output in the U.K.

Cat cracker in Nigeria

KELLOGG International Corporation, London, and the M. W. Kellogg Company, Houston, have completed the process design and basic engineering of a 26,000 barrel per day fluid catalytic cracker which will be installed in a 100,000-bpd grassroots refinery due to go on stream in Warri, Nigeria, in 1978.

Total value of the cracker section is put at £8m. and it is contracted for by the Federal Ministry of Mines and Power of Nigeria. It will be the first of Kellogg's new Orthoflow F Riser cracker design to be installed in Africa, and one of nine such units currently contracted for throughout the world.

Cleaning by jets

UNIQUE describes a service available from Maritime Offshore Projects of Great Yarmouth, for cleaning and descaling underwater growth to a depth of over 90 feet.

Initial orders for Kina high pressure jetting and water blasting equipment for over £50,000, placed with Kina this year in the face of fierce competition from American and German manufacturers, have now been delivered and the new service is in full operation.

Designed in the early stages specifically for operating on the North Sea oil rigs, where fast-forming marine growths cause wave load strain problems and where unclean surfaces above water can prove fatally dangerous to both men and machines.

Since taking delivery of the equipment, however, the jetting facilities using Kina equipment from 1,500 p.s.i. to over 8,000 p.s.i., have been expanded to cover additional general duty jetting operations including cleaning, degreasing and descaling of static or floating surfaces, above or below the water line. The Kina method of retro jetting for descaling either the inside or outside of pipelines is also being offered.

All jetting sections of MOP Limited are being equipped entirely with Kina machines. Highly mobile, fast tow trailer mounted water blasting machines are available at a moment's notice for general duties and emergencies, day or night, operated by skilled technicians.

Kina Engineering, Industrial Estate, Hadleigh, Suffolk. Hadleigh 3411.

Midlands services

MIDWEST Plant Sales has been formed at Witney in Oxfordshire, to provide sales and service facilities for International Industrial equipment throughout Berkshire, Buckinghamshire and Oxfordshire.

Planned to start in June with the opening of a base at Wootton, near Oxford, for the sale of new and used equipment, the operation will be initiated through parts and service provided from premises in Witney. Rapid coverage throughout the three counties will be ensured by radio link between service and delivery vans and facilities at Wootton, Witney and Long Crendon.

Wheel tractors made at International Harvester plants at Doncaster and Bradford including loaders, 180-degree excavators, site handlers (rough terrain forklifts) and a wide range of allied equipment for building, contracting and public authority use will be available.

Wheatley Hall Road, Doncaster (London Centre on 01-253 8422.)

Rotherham's air to be cleaner

CARTER Horseley Engineers, part of the Clarke Chapman Group, has won contracts totalling more than £2m. from the British Steel Corporation for fume extraction ducting in its electric melting shops at Templeborough and Aldwarke, Rotherham.

Templeborough is the first of the contracts and the new installation will substantially reduce the volume of red dust emitted to atmosphere from the roof of the melting shop building. The result will be a cleaner environment and considerable dilution of the nuisance created on the nearby Sheffield-Rotherham trunk road in adverse weather conditions.

Nene Valley roadworks

WORTH £3,164,000, the contract for Stage II of the Nene Valley Way in Northampton has been awarded to A. Monk and Co. and will be carried out by the company's Rugby office. Completion of the works is expected by October, 1976.

In addition to the construction of 3 km of dual carriageway two lane roadway, the contract involves a new two level junction, three road overbridges and one footbridge together with three box culverts and associated surface water drainage works. Provision is made in the design for the roadway to be increased to dual three lane at a later stage.

Lawrence in at DoE

WALTER Lawrence and Son has a £788,000 contract awarded by the Department of the Environment to undertake Phase 1 of a rationalisation scheme at the Royal Aircraft Establishment, Bedford.

Work has started on site and the contract period is for 18 months.

Property Services Agency is acting as architect, consulting engineer and quantity surveyor on this project.

Meanwhile, Walter Lawrence (East Anglia) has won another DoE contract worth £110,000 for the Services Agency, for building work at RAF stations Woodbridge and Bentwaters, Suffolk.

Additions to crash and fire tender buildings are involved and the contract period is ten months.

Insurance on damage

INFLATION at more than 2 per cent. per month has added a threatening new dimension to the contractor's nightmare: heavy damage to a project when it is almost completed.

Insurance based on the original contract price is useless in such a situation to-day, so Sun Alliance and London has come up with a policy that should take galloping inflation into account.

Inflation Protection Guard is an extension to standard contractors' material-damage insurance which provides specific cover for the additional cost of reconstructing a damaged project. The insured decides at the outset what he expects the rate of inflation to be.

He also estimates how much longer than the original contract period reconstruction is likely to take, assuming complete or almost complete destruction at a late stage. The premium is based on these two factors.

Sun Alliance 1, Bartholomew Lane, EC2N 2AB (01 588 2345).

Pipelines laid fast

PROGRESS as high as 30 metres a day has been achieved by John Kennedy (Civil Engineering) using a Ramshor 5000 hydraulic trench shoring machine during the construction of a 1000 metre overflow pipeline serving the North Western Water Authority's Fylde water supply unit near Garstang, Lancashire.

The machine, on hire from A. R. Morrice (Trench Shoring) of Harrogate, was used for the laying of 760 metres of 900 mm diameter prestressed spun-concrete pipe at depths of up to seven metres at speeds up to three times faster than by conventional means. Ground conditions varied from soft clay with patches of running sand to boulder clay.

Waste into aggregate

EMPHASIS on the preservation of the environment and the conservation of natural resources has focused attention on the problems of aggregates supplies for the construction industry and the possibilities of using waste materials and industrial by-products in building.

A comprehensive survey of the locations, disposal and prospective uses of the major industrial by-products and waste materials was made by the Building Research Establishment last year. Research is now in progress at Garston on the manufacture of synthetic aggregates from waste materials, unused sources of natural aggregates and low-grade aggregates, and use of fly-ash and ground granulated slag in cement and concrete.

BRE is also looking at the energy consumed in the manufacture of building materials.

The BRE Scottish Laboratory is advising on the use of waste materials in many fields including the North Sea oil programme. Granulated slag from the Lanarkshire steelworks is made into blast furnace slag cement which, being low heat producing is suitable for large dams and marine structures. Pulverised fuel ash from Scotland's six coal-fired power stations could replace a part of the cement required for concrete oil platforms.

Oil platform construction needs deep water close inshore for floating out the structures and flat coastal land for ancillary buildings. Millions of tonnes of waste colliery shale and spent oil shale are available for the land reclamation which is expected in the Forth and Clyde estuaries.

BRS, Garston, Watford WD2 7JR. Garston (Herts) 74040.

Oscillation of oil rigs

ONE problem associated with circular piles in deep fast-flowing waters is a tendency for them to oscillate across the flow of the water. It is only recently, however, with the construction of the deep-water oil-tanker jetty in the River Humber at Immingham, that the oscillation of piles in line with the direction of flow has been identified as a practical problem.

CIRIA, the British Transport Docks Board, the National Physical Laboratory, John Mowlem and Co. and Atkins Research and Development collaborated to investigate the unexpected phenomenon and found that it was caused by variations of drag forces on the piles, associated with the shedding of vortices.

An experimental pile was observed at Immingham. It was found that the fins attached to this pile significantly reduced the in-line oscillation. The fins, which could be steel strips welded before or after driving, may provide a solution to the problem of in-line oscillation that is cheaper than cross bracing or the driving of larger piles. As a result of full-scale experimental work, a considerable amount of know-how on this subject now exists.

It has been suggested that offshore platforms could also oscillate while on location or being towed to location. Finned piles may therefore have an application.

NRDC holds the knowhow which arose from the work at Immingham as well as patents and patent applications in the U.K., France, West Germany, Iran, Japan, Kuwait and Australia.

David Veasey, Mechanical and Civil Engineering Group, NRDC, 66, Victoria Street, London SW1E 6SL (01-828 3400).

Underground goes ahead

WORK HAS just started on a section of the westward extension of the Brussels Metro being carried out for the Societe des Transports Intercommunaux de Bruxelles.

Consulting engineers for the east-west axis are Mott, Hay and Anderson International of London, in association with Frederic R. Harris (Belgium) SA of Brussels. The two contractors for the contracts in the section are CITEB and SOTRAHY, both of Brussels.

The extension, which includes 1.25 km of running tunnel and two stations has an estimated cost for the civil works of £11.7m.

All of the works, including a passage under the Charleroi Canal, are being built by "cut and cover" methods through an area scheduled for redevelopment in the near future. The construction method should minimise the disturbance to traffic and adjoining property by employing an inverted sequence of operations—first the walls and the roof are formed, after which the ground level is reinstated and thereafter excavation and construction continues downwards.

Nylon dam can save Venice

SIX MONTHS of operational trials on Italy's Adriatic coast have proved conclusively that the rubber-coated nylon dam system announced by Pirelli and construction firm Furlanis last October, and extensively reported on the Technical Page, will save Venice from the annual floods that have eroded the ancient city for centuries. The tests have been so successful that Pirelli technicians say the barrier is now ready to be set up in the Venice lagoon itself.

Since November, a 220-foot-long mini dam has been undergoing tests in the water across a Po delta channel mouth at Punta Pila on the Adriatic. During that time, Pirelli has demonstrated the system's suitability as a solution to the Venice problem but also as a cheap, quick-to-install and durable advance in hydro-technology which could supercede traditional steel and concrete dams for many industrial, agricultural and civil projects.

Subjected to a constant tidal current speed of over 3 feet per second, the mini dam resisted successfully heavy waves, winds and abrasively uneven sea bed during its six months' trial. Technicians measured fabric stresses, the effectiveness of the system's special anchor clamps and how the mini dam conformed to sudden changes in the level of the sea bed due to the strong currents. To make the tests even more severe, Pirelli engineers dug additional craters into the sea bed but the dam still adhered strongly to the sea bottom, adapting itself to all uneven surfaces without leakage.

To halt the Venice floods, giant Pirelli rubberised nylon tubes up to 1,000 yards long will span the three channels—Lido, Chioggia and Malamocco—that link the Venetian lagoon with the open sea. When not in use, the barriers will lie uninflated and out of site on the sea bed. On instructions from a specially programmed computer, turbo pumping stations on both sides of each channel mouth will inflate each barrier with water. This will raise the dams to a height above sea level to repel wind-whipped waves, ensuring the Venetian lagoon's water level remains constant and that the city stays free from floods.

Pirelli, Thavies Inn House, 3-4, Holborn Circus, London EC1N 2QA (01-353 5102).

Doors stand up to fire

FIRE-RESISTANT fully glazed door sets and complementary infill panels has been introduced by Jandor Metal Doors, Abbey Road, Park Royal, London NW10 (01-965 0962).

Jandor range includes single, double-leaf and double-action door sets complete with ironmongery and fittings finished in stove enamel—finish can be in any BS colour. Also available are matching fully-glazed screens, partitions, fan-lights and side-lights.

Construction of the Jandor range is of profiled 2mm thick welded steel tubular sections uniformly of 40 mm, each unit sized to conform with the standard range of sizes recommended for building components. Installation is simple and requires no special tools or processes: subsequent maintenance is minimal. Fire resistance of the Jandor range conforms with BS 476: Part 8 and the equipment has been awarded fire test certificates.

Kuwait job for GEC

GEC-ELLIOTT Mechanical Handling is to instal a comprehensive passenger baggage handling system for the new terminal building at Kuwait International Airport. A contract worth nearly £¾m. was signed recently between GEC and the main contractors to the Government of Kuwait, Ministry of Public Works—J. V. Ballast Nedam/Solico.

Acting as local agent for the project, which is expected to be fully operational by the end of 1977, is the Rezayat Trading Company of Kuwait.

IN BRIEF

● South East Thames regional Health Authority has awarded a design and build contract worth £158,000 to Mears Construction for two blocks of staff residential accommodation at Bexley Hospital, Kent. The T-shaped block of traditional construction to NHBRC standards comprises 275mm hollow walls, concrete ground floor, pre-stressed precast concrete suspended upper floor, and concrete slated roof on TRADA-type roof trusses.

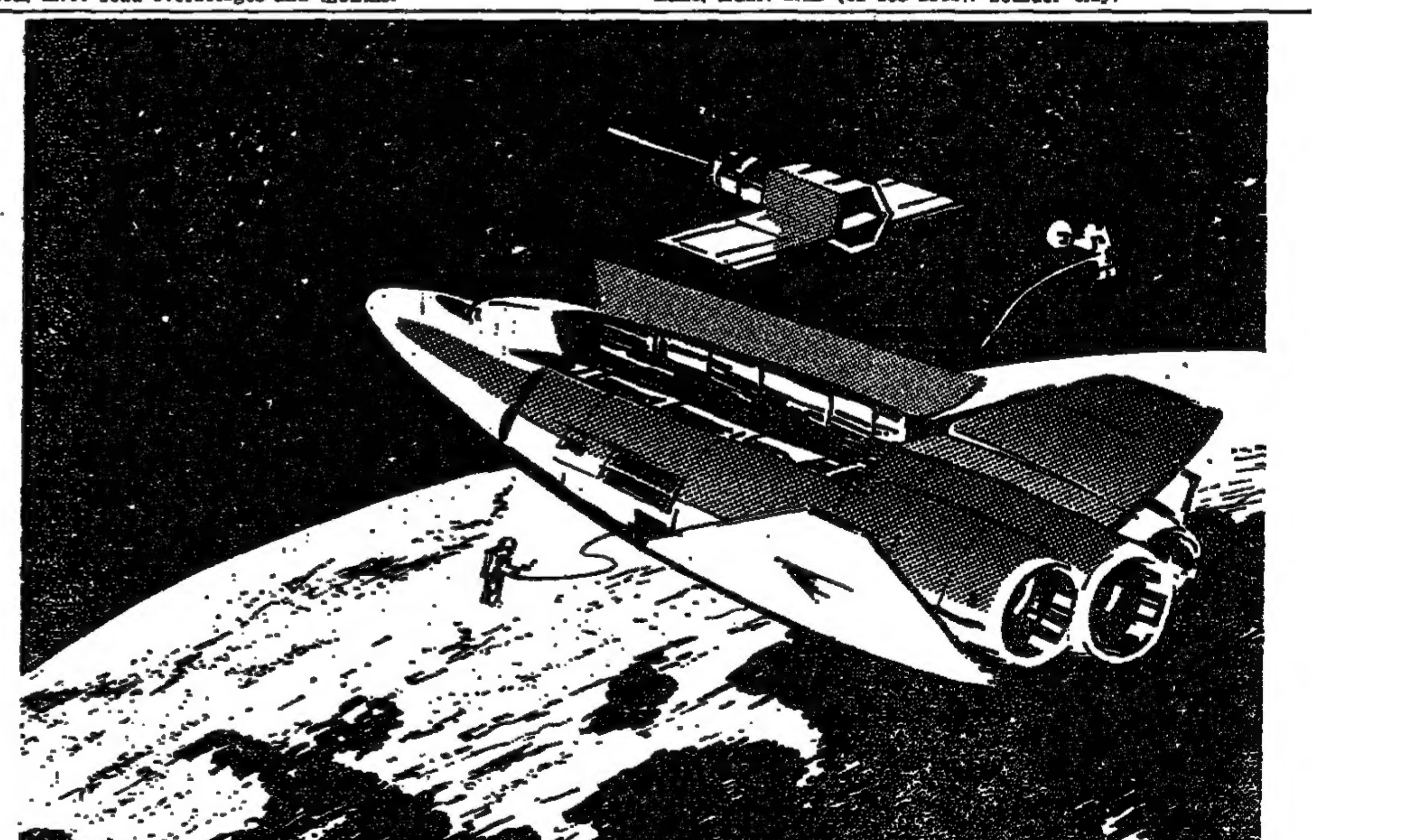
● National Federation of Builders' and Plumbers' Merchants, representing 95 per cent. of builders merchants in the U.K., has purchased the freehold of No. 15 Soho Square, London W1, for £180,000. This Grade II seventeenth century listed building is on four levels and comprises a total area of 3,700 square feet. It will become the new headquarters for the Federation when it moves from its present offices at High Holborn in October.

● Consultancy Services of the Associated Portland Cement Manufacturers—Blue Circle—has signed a £1.7m. agreement with Les Ciments de l'Afrique de l'Quest (CIMAO), a company operating in Togo, to provide engineering services for a new cement industry.

● Sunderland and South Shields Water Company has awarded Kier of the French-Kier group a £919,610 contract for the construction of the main intake works and pumphouse for the new River Wear water supply scheme. Also included in Kier's contract is the aquaduct from the pumphouse to the treatment works, now under construction a mile away, by Gleeson's.

● Design work on two Cotswold sewerage schemes was completed recently by John Dossor and Partners, a member firm in Associated Engineering Consultants. These schemes will provide sewerage facilities in the villages of Coln St. Aldwyns, Eastleach and Southrop at an estimated cost of £500,000. Tenders will be invited shortly.

● Ottermill Group has received orders worth more than £150,000 for distribution equipment for the new St. George's Hospital under construction at Tooting for the South West Thames Regional Health Authority. It includes packaged substations, switchboards, motor control centres, rising main busbar systems and meb distribution boards.



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MONDAY, MAY 19, 1975

Some signs of realism

A FEW WEEKS ago Mr. Sidney Weighell, general secretary of the National Union of Railwaymen, said his union's demand for a 30 per cent. wage increase had nothing whatever to do with the financial viability of the railway industry. This seemed to reflect the widely-held view, which affects attitudes to productivity as well as to wages, that nationalised industries are insulated from the commercial pressures which affect the private sector. Because of their monopoly position and the essential nature of the goods and services they provide, the public will always have to pay whatever prices are charged and the Government will always cover whatever deficits may be incurred.

Rising prices

A brave attempt to dispel this complacency was made last week by Mr. Tom Jackson, general secretary of the Union of Post Office Workers. He told the union's delegate conference that their jobs and their earnings existed "because at the right price people post letters and parcels—there is no other reason." He said the Post Office was not far from the point where rising prices would send the demand for its services spiralling downwards, with disastrous effects on employment.

In these circumstances it was essential for the union to drop its long-standing opposition to mechanisation and to work with the management in improving productivity. Mechanisation was not a complete answer to the industry's problems, but without it the Post Office would have no chance of maintaining its services at anything like their present level. A choice had to be made between a gradual decline in employment through mechanisation, by means of natural wastage, and a very sharp contraction of jobs as a result of falling demand.

The acceptance of Mr. Jackson's arguments by the conference is encouraging for the Post Office and could have significance for other parts of the public sector where similar problems exist. For example, leaders of the Coal Board and of the electricity supply industry have warned that, as a result of recent wage increases, the miners are close to pricing themselves out of their most important market: if coal prices go on rising in relation to oil and nuclear power, the demand for coal—and for miners—will fall. Sir Monty Finniston has argued that unless the steel industry's overmanning problems are put right, its costs and prices will move out of line with those of overseas steelmakers, with a consequent loss of markets and job opportunities.

There are, in short, commercial pressures which will eventually work through, even in the public sector, to jobs and wages. As a delegate to the Postal Workers' conference put it, arguing against the demand for more money for Saturday working, "how can we keep going to the well for more money when it is not there?"

There is a dawning realisation among union leaders that wage increases at the rate which the public sector has experienced in recent months are self-defeating and will lead in the end to even more unemployment. Whether this realisation will be enough to bring about more moderate settlements in the next round of public sector wage bargaining remains to be seen. Mr. Denis Healey has repeated his insistence that the next round of pay settlements must be brought into line with what the nation can afford, though he did not specify the methods by which this would be achieved.

More positive

More significant, Mr. Jack Jones, leader of the Transport and General Workers' Union and one of the architects of the social contract, has suggested a new "collective bargain" whereby wage rises would be related to the cost of living and linked, on a flat rate basis, to average earnings in industry. Whether his fellow union leaders would go along with this idea, even as a temporary expedient, seems doubtful, but at least Mr. Jones is admitting that something very much more positive than the social contract is now required. That in itself is worth something.

Land Bill runs into difficulties

THE Community Land Bill—the one that provides for the eventual takeover of all development land by local authorities—is beginning to look decidedly unwell. Its companion Bill, providing for the new development land tax that was originally put forward as an integral part of the whole package, has now been postponed: the Government's decision to produce a White Paper on the tax before the summer recess is a strong indication of the difficulty of drafting practical and generally acceptable legislation on this important half of the scheme.

As for the half that has not yet been "withdrawn for further study"—the Community Land Bill itself—an inkling of its possible fate may be discerned from the defensive remarks made by Mr. Gordon Oakes, under-Secretary of State at the Department of the Environment, at the end of last week. He told the Commons committee considering the Bill that they might face all-night sittings if they did not make satisfactory progress. The fact of the matter is that the Bill cannot be moved forward rapidly because it is beginning to be seen inside Parliament as one of those impossible legislative monstrosities (like the Capital Transfer Tax) that needs virtual redrafting in committee if it is to have any semblance of credibility at the end of the day.

Wearisome

An incentive to go through this wearisome process may be strongly felt by Labour Ministers who fear the wrath of the Left wing of their Party: everyone else is now in a position to appreciate that the Bill cannot possibly have any lasting positive effect on the important matter of development land because (a) the Conservatives have promised to repeal it and (b) it is built on a rotten foundation.

This rotten foundation is the notion that the hard-pressed local authorities can be transformed into quasi-developers by being given powers of compulsory acquisition and a blank cheque to borrow every penny they need to finance operations that the framers of the Bill blandly assume will be profitable in the long run. Leaving aside the unconvincing financial side of this dubious prospectus, the idea that local authorities should be instructed to add to the general indebtedness of the public sector at the present stage of the economic cycle is not one that many people can take seriously—however much the Government protests that at some unknown future date the returns will begin to roll in. Many local authorities have themselves expressed doubt about their administrative and technical competence as property developers; at the same time nearly everyone else concerned with the likely effects of the Bill has voiced grave doubts about various parts of it.

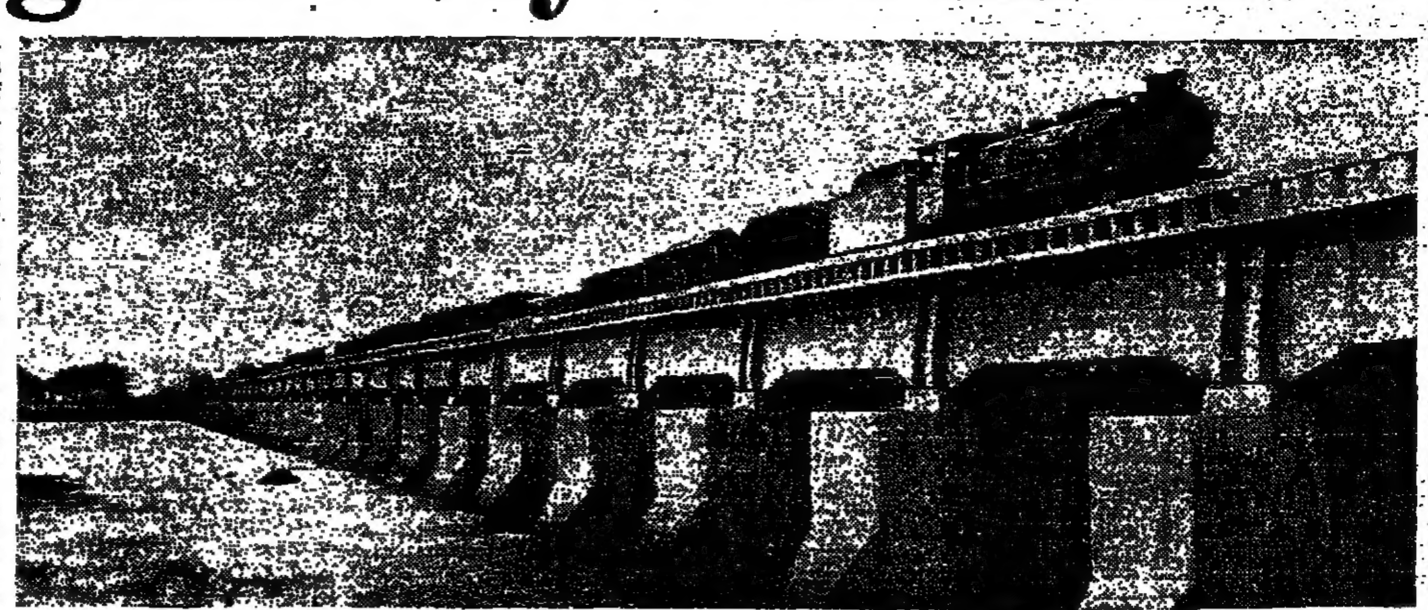
Acquisitive

The list is a long one, and it includes many who cannot be dismissed as acquisitive men of property. The insurance industry, some of the nationalised industries' pension funds, charities, the churches, representatives of the surveyors and town planners, housebuilders, and many others have all protested at the sheer impracticality of the scheme.

None of this means that the Government is wrong to seek a method of ensuring that "unearned" capital gains arising from the granting of planning permission should be used for the benefit of the community as a whole. The principle is one that could and does command widespread acceptance in all parties. The present method of attempting to meet it — by various forms of taxation—could no doubt be strengthened and improved. But the Community Land Bill is not the way. If it is not the subject of a merciful despatch during the present Parliamentary session, in the longer run it will surely go the way of the Land Commission before it.

Will loss of access to Mozambique ports really hit Rhodesia? Tony Hawkins reports from Salisbury

Africa's real losers from a Kingston-style confrontation



A freight train crosses the Limpopo barrage in Mozambique on the line between Salisbury and Lourenço Marques.

RHODESIA is next month to lose access to its two traditional ports of Beira and Lourenço Marques, a development long sought and long awaited by those applying sanctions against Mr. Ian Smith's government. The new situation is brought about by the June 25 assumption of power by Frelimo in what will then become the former Portuguese territory of Mozambique, where these ports lie. But the end result is certain to be disappointing for those who hope that the consequence will be the economic collapse of Rhodesia.

Among the disappointed will be the Commonwealth Heads of Government who, at their recent meeting in Kingston, Jamaica, undertook to give Mozambique financial support to compensate it for the losses it will suffer from joining in the international sanctions against Rhodesia. They argued that the great bulk of Rhodesian foreign trade passes through Mozambique, so that cutting off the routes to Beira and Lourenço Marques could be disastrous for Rhodesia. In fact, however, the strategy mapped out at Kingston suffers from three serious miscalculations.

The first is the belief that Rhodesia relies on Mozambique for from 80 to 85 per cent. of its export and import traffic. Given the importance of South Africa as a Rhodesian export market—especially for manufactured goods—and as the supplier of an estimated 40 to 50 per cent. of Rhodesia's imports (by value), this figure is clearly an exaggeration.

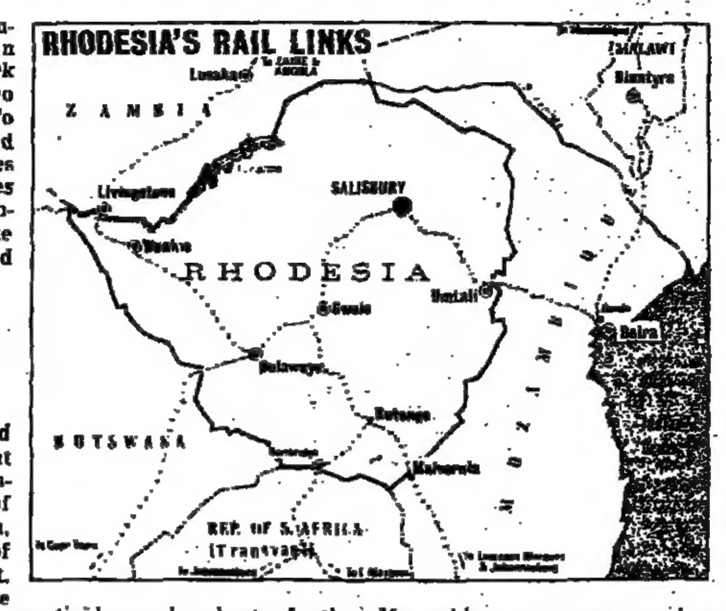
First direct rail link

Secondly, there is the degree to which Rhodesia has already diversified away from the Mozambique routes, primarily because of congestion and inefficiency on the railways and at the ports. It is reliably estimated here that the volume of Rhodesian traffic using Mozambique has already been halved, partly reflecting the opening late last year of the first direct rail link between Rhodesia and South Africa.

Thirdly, there is the under-estimation of the extent of practical transport co-ordination and economic integration that already exists in southern Africa, political differences, sanctions and the Rhodesian-Zambian border closure notwithstanding.

In some respects, this third consideration is the most important. Those who believe that the difficulties that will be encountered by Mozambique (and perhaps Botswana if that country follows suit and denies Rhodesia the use of its railway) can be overcome by conventional economic aid have ignored the mundane problems involved.

South Africa and Rhodesia constitute the breadbasket of southern Africa. Botswana, Malawi, Zaire, Zambia, Mozambique and Angola have all in recent years, had to fall back on food imported from the two White-ruled countries. To some extent this traffic would continue if Mozambique closes the border, but some countries would face severe food problems, not least Mozambique itself as well as Malawi and Zaire.



Copper and zinc

But the problems go beyond food alone and have important ramifications for industry, employment, and the balance of payments of the entire region, with the possible exception of South Africa itself. At present, for instance, despite the Zambian-Rhodesian border closure, Zaire is sending copper and zinc by rail through Rhodesia to Beira. The one-for-one railway truck exchange over the Victoria Falls Bridge between Rhodesia and Zambia and the shortage of rolling stock on most rail systems in the sub-continent means that the trucks used to export Zairean minerals return via Rhodesia with imports picked up at Beira as well as foodstuffs and other items from Rhodesia itself.

If Frelimo closes the border with Rhodesia, Zaire would have to switch her exports to Lobito in Angola, a port with a 100 per cent. surcharge and 100-day delay at present. The implications of such a switch for Zambia, heavily reliant on Lobito for its export and import traffic should not be overlooked.

There are major adverse implications for Malawi, which will find itself denied essential supplies. It relies on imports from Rhodesia—one obvious example being coal—which use the railway through Mozambique. There is no obvious alternative source. The Moatize coalfield in Mozambique produces coal with too high an ash content for use in thermal power stations or by railway locomotives. Malawi also needs packaging materials from Rhodesia, food, fertilizer, insecticides and a host of other goods that reach it either as imports from Rhodesia itself or, very frequently, are brought through Rhodesia and Mozambique from South Africa. The point here is that the only railway between South Africa and Malawi (and South Africa and Rhodesia are two of Malawi's chief trading partners) runs through Rhodesia and Mozambique. It is not really possible to route this traffic by sea to Beira and on by rail because of the chronic shortage of rolling stock on both Mozambique and Malawi railways. Both systems are using much rolling stock belonging to the Rhodesia and South Africa railways. Furthermore, there is no direct link between the northern and southern Mozambique rail routes so that locomotives and rolling stock can be shifted from one system to the other (or from South Africa itself) only via Rhodesia.

Malawi would also lose its exports to Rhodesia, which include tea and, surprisingly, Tobacco. This would bring no hardship to Rhodesia, but would hurt the Malawian balance of payments, as would the substantial increase in Malawi's raw material costs if it had to seek other sources of supply for such essentials as coal.

The adverse implications for Mozambique are more serious than frequently recognised. First, it seems likely that this year Mozambique is going to need food imports from Rhodesia and South Africa. Imports for central and northern Mozambique must go by road or sea or use the Rhodesian rail network. In addition, Mozambique imports essential industrial raw materials from Rhodesia; the building and construction industries in particular, are dependent on certain Rhodesian imports—imports that are simply not available from South Africa to-day. Imports of Cotton and Maize, both of which Rhodesia can supply, are also likely to be essential this year.

Closing the border would leave Mozambique with two totally non-viable railways. The route from Dondo in central Mozambique to Machipanda on the Rhodesian border would virtually close if denied Rhodesian, Malawian, Zairean, and South African traffic. The line from Lourenço Marques to the Rhodesian border post of Malvernia, too, would become virtually dead.

That would leave pockets of unemployment both on the railways and at the ports, and would deny Mozambique substantial rail revenues. The line from Lourenço Marques to Rhodesia covers 335 miles of Mozambique territory, while that from the port to the South African border covers only 55 miles. Consequently, the share of rail revenue from Rhodesia traffic is very important. Furthermore, the Rhodesian traffic using Lourenço Marques is basically the higher rated kind, although, of course, the port is much more reliant on South African traffic than it is on Rhodesian.

Botswana also uses Lourenço Marques, and the closure would have adverse implications for Northern Botswana and the Selebi-Pitwe copper-nickel mine in particular.

Beira is Rhodesia's traditional and logical port—but its significance has declined drastically since the Lisbon coup a year ago at a time when its handling of Mozambique imports was falling because of the reduction of imports of equipment for Cabora Bassa and the end to the war. It is not a good port at the best of times (it is too shallow and cannot be made deeper) and a banning of Rhodesian—and by implication Zairean and South African traffic—is likely to hasten its demise. Already it is too small for the large vessels and it will suffer from containerisation. It is estimated here that even under normal conditions Rhodesia's use of Beira would have been phased out over the next five of six years because of these factors.

Beira's decline as a port, which began 10 years ago when sanctions were first imposed against Rhodesia, will have major consequences for the Mozambique economy as it is the country's second largest urban centre. A Rhodesian ban would probably mean a falling-off in the number of vehicles calling at the port and an increase in the silting-up of berths. Two are already unusable.

A further difficulty is raised by the 50,000 tons of Zambian imports currently piled up at Beira. To some extent, at least, Rhodesian rolling stock is needed to move these through Malawi. Once again the significance of there being no direct
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Two more aspects affectir
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It is thought unlikely he
that Botswana will sever t
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would still be severe.

Virtually no one denies th
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Hands of the hawks

The threatened border closu
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(Malawi, Mozambique a
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—unless South Africa cu
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from its adverse effects on th
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may well further stiffen th
Rhodesian resolve, playing in
the hands of the hawks rath
than constituting an effecti
pressure for concessions at th
bargaining table.

MEN AND MATTERS

Lander and pensions' future

"It's going to be a fairly hot seat," acknowledges Max Lander, who at the end of this month takes over as new chairman of the National Association of Pension Funds. Seldom in the association's 51 years can the external problems have seemed more massive, overlaid in recent weeks by declarations from Labour's Left about the desirability of directing pension fund investment.

Lander, 61, is a cheerful extrovert who sees need for great caution in extending funds' role towards either involvement in management or accession to political demands. His elevation represents a considerable break with NAPF's past: he is an associate, rather than an ordinary member and is the first in the former category (outnumbered about three to one by the ordinary members) to become chairman. The "ordinary" NAPF people actually run funds as managers; the "associates" are actuaries, brokers, consultants and so forth, and it was only three years ago that NAPF rules were changed to allow a minority of associates on its ruling council.

Lander, an actuary and joint senior partner of pension consultants Duncan C. Fraser, agrees "tremendous moves" have been made to involve City institutions more in managerial decision-making where companies may be heading for trouble. But he is a sceptic. "I remain to be convinced, you see, that a politician, or a civil servant, or an institutional fund manager knows more about running a company than the company itself," he says. "A very old-fashioned view, I know."

The political angle now assumes large importance, following the publication of a draft Labour Party document drawn up partly by Anthony Wedgwood Benn talking about insurance and pension funds being "required" to channel minimum proportions of their funds into the National Enterprise Board projects.

"My personal view is quite clear: it would be total opposition," says Lander. He "accepts unreservedly," though, the need for discussion on institutional investment of the sort now being pursued through Neddy. His own view of funds' task is that "spread should be a religion." He believes that even at the height of the property boom, it was rare for any fund to be as much as 20 per cent. invested in property; he is not opposed to "modest mixing," bringing in things like old masters and perhaps gold coins.

At NAPF he succeeds Maurice Haddon-Grant, secretary of Plessey, whose two years in the chair have hardly been uneventful. In that time, there have been three sets of Government proposals designed to regulate the relationship between occupational pension schemes and the State scheme. The latest plan is now enshrined in the Social Security Pensions Bill.

As for the way ahead, Lander reckons NAPF will have to accept eventually increased control of funds, but the important thing is "in the modern world, we've got to speak up if we want to exist."

Swingers

Détente moves forward. It looks as though the Russians are determined to break into the Western music market. In September, Musexpo '75 will be held in Las Vegas, and that is the premier music and recording industries Trade Fair, the exhibitors being mostly record and sheet music companies, with musical instruments featured to a small extent. The Russian Performing Rights Society (VAAP) has taken a Stand at the Fair, befitting now that the Soviets have signed, as with books, the appropriate international copyright agreements.

Also on hand will be four other societies from Eastern Europe countries. But students of international Communist co-operation should note that China's cultural organisation has taken space at the show. Their involvement is less clear at the moment because they have not yet signed any treaty covering world copyright obligations.

Scottish successes

"All in all," says Leif Mills, general secretary of the National Union of Bank Employees, "we're in a much better state in Scotland." The statement holds good both in terms of membership and the progress of pay negotiations.

Of Scotland's three clearing banks (which have their own employers' federation separate from the rest of the U.K.), overall membership is about 50 per cent. of 17,000 employees. In England and Wales, the figure is several points below that, for though the membership is 50 per cent. in Barclays, and 80 per cent. in the relatively small Williams and Glyn's, it is only some 35 to 40 per cent. in National Westminster and Lloyds.

Again, in Scotland, staff associations have withered: in the two largest groups, Bank of Scotland and Royal Bank of Scotland, the associations merged with NUBE, although at the smaller Clydesdale, the old staff body merged with Clive Jenkins's Association of Scientific, Technical and Managerial Staffs.

That is all "much healthier," as Mills puts it, than the situation down south, where of the Big Four Banks, three have staff associations still extant and the Midland's has merged with the rival ASTMS.

On the pay side, NUBE, which has sole bargaining rights for Scottish bank and trustee savings bank staffs, negotiated earlier this month a 15 per cent. rise back-dated to April 1 plus cost-of-living threshold increases. In England, however, NUBE and the staff associations are haggling on over offers from the clearers over what sort of increases will, at the end of June, be adequate compensation for the rise in the cost of living.

To Mills, there is one further indicator of the greater banking harmony of Scotland: Saturday closing came in 1968, a year ahead of the rest of Britain. Now NUBE has strengthened its Scottish operation with the appointment to-day of Peter Allison, 48, one-time miner and latterly Scottish regional organiser of the Labour Party, as an additional assistant secretary. His first job, says Mills, will be to examine how the tussle with ASTMS at the Clydesdale is shaping up.

Canter really

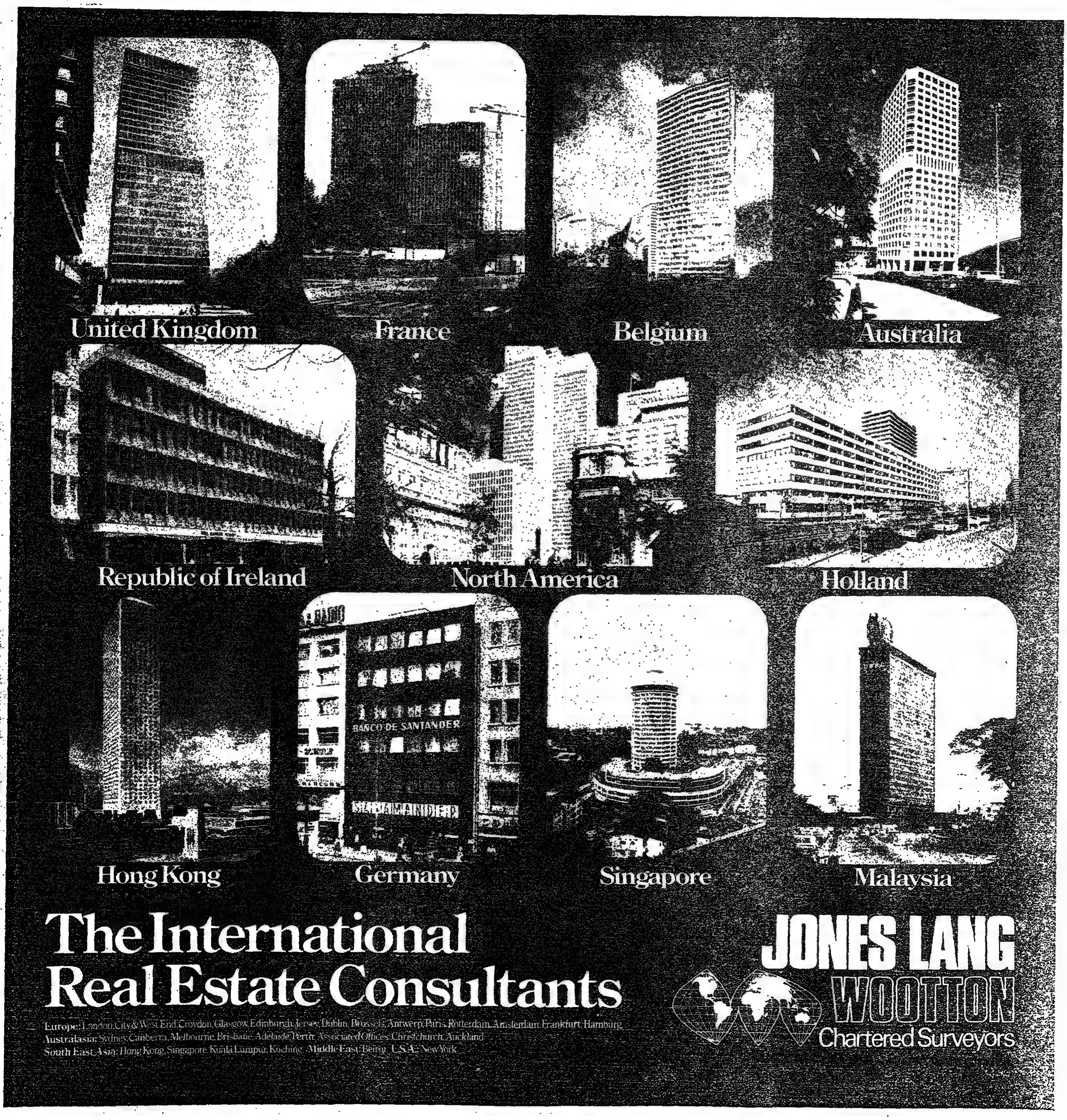
Rail passengers in Sussex are receiving leaflets about train alterations aimed at improving "the bad timekeeping record of London trains from this area in recent weeks" signed by D. B. Gallop, Area Manager.

Observer

FINANCIAL TIMES SURVEY

Monday May 19 1975

International PROPERTY



The last twelve months have been so depressed that many property men can feel pride simply in having survived. John Trafford, Property Editor, here discusses the present situation and the areas where there are possible grounds for optimism.

A year of crisis

The Commercial Union's Avenue des Arts development in the centre of Brussels; the office content of which was handed over by the building contractors in March. Jones Lang Wootton are project managers and letting agents.

IN PARIS to-day, many old friends and adversaries will be exchanging heartfelt greetings at the opening session of this year's congress of FIABCI—the International Real Estate Federation. Since the meeting 12 months ago in Madrid, so much has happened and so much of it has been unpleasant. Many delegates will feel pride in having survived and may conclude that nothing the future holds is likely to be as bad. For the peculiarity of the past year has been the all-pervading nature of the problems. This, indeed, was the year of the world crisis in property.

In Australia, the U.S., Britain and Germany developers have been forced into liquidation. The developer's financial backers, in the form of British secondary banks, American Real Estate Investment Trusts or French SOCOMI, have been the subject of elaborate rescue operations or allowed to falter. Demand for new buildings, particularly offices, has been much lower than expected so that the huge towering empty office block, so well typified in London by Centre Point for the past decade, is now a familiar sight in New York, Sydney, Paris and Brussels.

Inflation

Real estate without occupants no longer looks an attractive proposition to the long-term investor and it can spell disaster to the developers and their financial backers. Add to this lower-than-expected demand an inflation in building costs which typically has been around 30 per cent. in 12 months, a rise in interest rates (until the end of 1974), restrictions on bank lending and international capital movements, and anti-property legislation in many developed countries, and you have, a veritable witches cauldron of problems.

Property development and property ownership has been generally much less profitable in the past 12 months than in most earlier times. Yet it is now possible to detect the beginning of a recovery of nerve in the West European and Australasian property scene even if the North American situation continues to look bleak. Once again one hears property referred to as the ultimate hedge against inflation. Despite all that has happened, it seems to be regaining the position it temporarily lost as a symbol of security and survival.

This change in attitude is all the stranger because it is generally not based on the secure foundation of an upturn in the demand for new premises. The main factor leading to the improved climate has been the world-wide fall in interest rates which has made property yields (stretching from 6.5 per cent. in Belgium to over 10 per cent. in France for offices) seem no longer unacceptably low. Added to that is the growing realisation that the unpropitious climate of the past 18 months has slowed down development and so introduced the possibility of a property famine when all that is currently in the pipeline has been built and let or sold to owner-occupiers. Finally there is that uneasy feeling about inflation, something which British property men are exceptionally well aware of at the present time. Institutional investors, who look for long-term security, are now beginning to be tempted back into buying up the very best property and competition is beginning to push up selling prices again and reduce yields. One of Belgium's largest insurance companies plans to spend twice as much on property investment this year as last—and that is by no means exceptional in the West European countries.

British developers and institutional investors are, of course, hamstrung by the regulations on the export of capital. Some ugly situations have arisen in cases where a development abroad has been funded short-term and refinancing is required. In the case of France, the Government now insists on non-residents bringing in funds to match their percentage participation in a particular project—which can mean recourse to the Euro-currency market. A further difficulty has arisen where U.K. guarantees have been given on a loan. With the decline in U.K. property values and the downward slide in sterling, foreign banks have either refused to renew short-term loans or have demanded very much tighter cover from parent companies or U.K. banks.

Yields

The combination of economic and political factors have been forcing U.K. developers to look overseas for most if not all their expansion. Last year, with Mr. Healey introducing the Development Gains Tax and Mr. John Silkin spelling out the Government's plans for nationalising development land, three major developers made it clear that they would not undertake any more commercial or industrial development in the U.K. for the time being. The three names were among the best known in the business: Town and City, English Property and Hammersons. Only Land Securities refused to be drawn in foreign adventures and Slough Estates is one of the few British developers that is currently showing any stomach for major schemes in the U.K.

Originally the British developers were attracted abroad by the allure of higher yields and the opportunities to exploit what they believed to be superior technical expertise on site assembly, planning, funding, building and letting. Some of those assumptions have taken a few rude knocks, especially in the non-English speaking countries. A number of the British developers who stormed into France in 1971-73 are now ruefully looking around for a French institution to whom they can sell their entire portfolios.

On the other hand some of the wiser developers have approached each foreign market with circumspection and in a variety of ways, each suited to local conditions. Examples exist of two British developers teaming up abroad, of developers working in partnership with British institutions or local banks or insurance companies. The more reckless of their contemporaries are now living to regret their impulsiveness and to learn that, for example, long-term money is generally not available for speculative property development in France.

The attractions of foreign operations to the British developer still remain, but now there is an additional factor. It is that certain foreign countries offer the prospect of profitable development despite present day interest rates, capital restrictions and building costs: whereas this is generally not true about Britain.

There are plenty of examples of this foreign activity. English Property, through its Canadian subsidiary Trizec are developing ambitious city centre complexes in Canada and buying up large office blocks both completed and under construction in the U.S. Mackenzie Hill, which specialises in industrial developments, currently has a £67m. building programme in France with substantial work also in Germany, Brazil, Benelux, Spain and the U.S. Industrial development in Holland, one of the brightest sectors at present, is being carried out by a plethora of British, American, Franco-Dutch and Belgian companies including Trammell Crow, the Deacon Group, Stead Investments, Ashworth Properties, Brixton Estate, Hurst End Properties, Property Security and Investment Trust and CODIC.

Approach

In the early 1970s, the main focus of British developers' interest switched from the traditional areas of North America and the Commonwealth countries to Europe. To-day, however, the pattern is much less clear and a more pragmatic, less fashion-orientated, approach is being shown. British interest in Dutch office development, for instance, is dead but there is still work to be done on industrial schemes.

There is, admittedly, a tendency among developers to dispose of an overseas portfolio if a suitable buyer can be found — English and Continental's sale of its French properties to the ICI Pension Fund in March is one example — but even so the pattern is uneven. British Land, which has had its share of problems from declining property values and rising interest rates during 1974, nevertheless bought a major share of the Bogaard Centre office development in Holland last year and earlier this month announced the purchase for A$5.8m. of a 25-storey office block in Brisbane, Australia.

The general trend, however, is for developers to look for long-term institutional investors to take their developments off their hands and there seems little doubt that there is more interest coming from this quarter now than at the turn of the year.

The Arabs, too, have been active in commercial property investment, often operating (as in the U.S. and in Britain) under the guise of a local bank. They have been buying up property on a larger scale than had previously been suspected. They have also shown themselves, as with the Frs.390m. Tour Manhattan deal in Paris, to be willing to buy developments that have neither been completed nor let provided they represent a prime property asset in the long term.

The ultimate paradox is that just as inflation played a major part in precipitating the property crisis in the first instance, so it may now lure investors back into the market as property reasserts its traditional image as a real asset.

Similarities can be detected in the general direction that many of the world's property markets are going, though the boom and its reaction have varied in degree. The effects of changes in monetary policies and interest rates are world-wide.

Investment market

THE INTERNATIONAL property investment scene has changed beyond recognition over the past couple of years. The spring of 1973 was the heyday of the British property expansion on the Continent with the almost daily announcement by British companies of new acquisitions in Paris, Brussels and Amsterdam, while on the other side of the Atlantic, the real estate investment trusts (the REITS) were enjoying their major period of growth.

The position is very different now: there have been few new British acquisitions on the Continent for more than a year now, apart from a handful of strongly entrenched companies with good local connections. Similarly, on the other side of the Atlantic, the aftermath of the end of the REIT boom has left many problems still to be cleared up.

The parallels cannot, of course, be taken too far, but there are striking similarities in the general course and direction of many of the major world property markets over the past few years, though the heights of the boom and the depths of the subsequent reaction have varied from country to country—and there has been the unforeseen impact of new investors from the Middle East.

The key influences have been the changes in monetary policy and interest rates throughout the world. The sharp rise in interest rates in the autumn of 1973 brought an almost immediate end to the boom which had developed in many countries in the preceding two years. In many cases, there were accompanying moves to tighten credit controls, on occasions specifically discriminating against new lending on property and construction projects. The uncertainties of the oil crisis applied a further constraint and led to a general institutional reluctance to buy new property which in turn led to a general and fairly sharp rise in investment yields—often indicating an underlying decline in values from the peak of a fifth or more.

This broad outline inevitably masks several major factors, not only because of the variations between countries, but because of the artificial nature of the preceding booms. This applies particularly on the Continent where the British activity was the most important single influence on the office investment markets of France, Belgium and Holland—and to a much lesser extent, Germany—between the middle of 1971 and the autumn of 1973.

The expansion of British property companies and agents on the Continent is well documented, but the key feature is that for much of the period domestic property companies and institutions were effectively "out of the market" for new acquisitions. They were unwilling to pay the prices accepted by the British, which they often regarded as "ridiculously high." Some of the investment was undoubtedly unsophisticated and showed an insufficient appreciation of the differences in the structure of the investment markets between the U.K. and the Continent, which led to a "talking down" of yields and "talking up" of rents. This, of course, did not prevent the more astute or assiduous companies from making wise acquisitions.

The very dominance of the British influence—in particular the impact it had on yields—made the change all the more significant when this source of demand was removed in late 1973 and early 1974. This was prompted both by the tightening in local monetary conditions and by the sudden end of the property boom in the U.K.—which forced most companies and institutions to devote all their attention to Britain.

The result was that the investment markets have tended to revert more to their traditional patterns—albeit at a higher yield basis because of the general monetary conditions. In some cases, it is almost misleading to talk of a yield framework as such since an investment market, at least as understood in Britain, has scarcely existed until recently. The return to a domestic rate structure has been accompanied by increasing activity by local funds, particularly since last autumn.

Background

Moreover, as the general financial background has improved and interest rates have fallen, there has been no accompanying revival in British interest. On the development side this is explained by continuing difficulties in the U.K. market and concern over the possible impact of the Community Land Bill, as well as by the difficulty of raising money for new acquisitions.

The normal method of financing for a British developer in 1971-73 was to borrow money locally with the support of a bank guarantee from Britain: since then, some of these guarantees have looked pretty thin because of the problems of the secondary banking sector. So local banks and institutions are much more wary about lending money to any but the most established British companies, while currency doubts rule out other forms of fund raising.

There has been a similar lack of activity among British institutions on the Continent. Even in the boom period, their involvement had been comparatively minor relative to the developers, partly because of greater caution and partly because of problems of finding both the right property to invest in and the right way to buy it. Among the funds which became involved were the larger ones with most experience of property in the U.K.—for example, insurance companies such as Commercial Union, Sun Alliance and Norwich Union, which often had local subsidiaries receiving premiums there anyway. Among the pension funds investing on the Continent in this period were those of ICI, Unilever, National Westminster Bank and the Coal Board.

The hope was, two years ago, that this would merely be the tip of an iceberg and a much greater involvement would follow. This has not happened partly because of the change in the British property market itself, but also because of the announcement in the budget of March 1974 of the end of the concession which allowed £1m. of capital per project to be exported from Britain every year. Although few developers financed their acquisitions to any great extent in this way, several institutions took advantage of the concession either for a part or the whole of their finance.

So the ending of the concession put a sharp brake on this expansion, and it is hard to *visualise a revival in British institutional activity abroad* until there is an easing in U.K. exchange control regulations, which looks extremely improbable at present, though some funds may arrange back-to-back loans if they can. Indeed one or two of the Property Unit Trusts—set up mainly in 1973 specifically to take advantage of the greater British pension fund interest in Continental property—are still in the market on a small scale for new acquisitions because of their existing back-to-backs.

One or two British pension funds have been buying recently but otherwise one of *the few big institutions still in* the market on the Continent is EUPIC, the Dutch registered investment company drawing funds from all over Europe, which is advised on the property side by a British firm of surveyors, Knight Frank and Rutley. This fund has been making acquisitions throughout the last two years.

In the absence of the British, the local investment markets have revived gradually over the last six months or so, and agents notice in particular that more money has become available for investment since January and February. But this does not necessarily mean there is very much activity since many funds seem to be cautious about making a decision, and there is still a gap between the view of the often local purchasers and the possibly British vendor. One agent reports for example, that in Brussels developer clients have been talking in the range of 6¾ per cent. to 7 per cent., while *potential purchasers have been* thinking in terms of 7½ to 8 per cent.

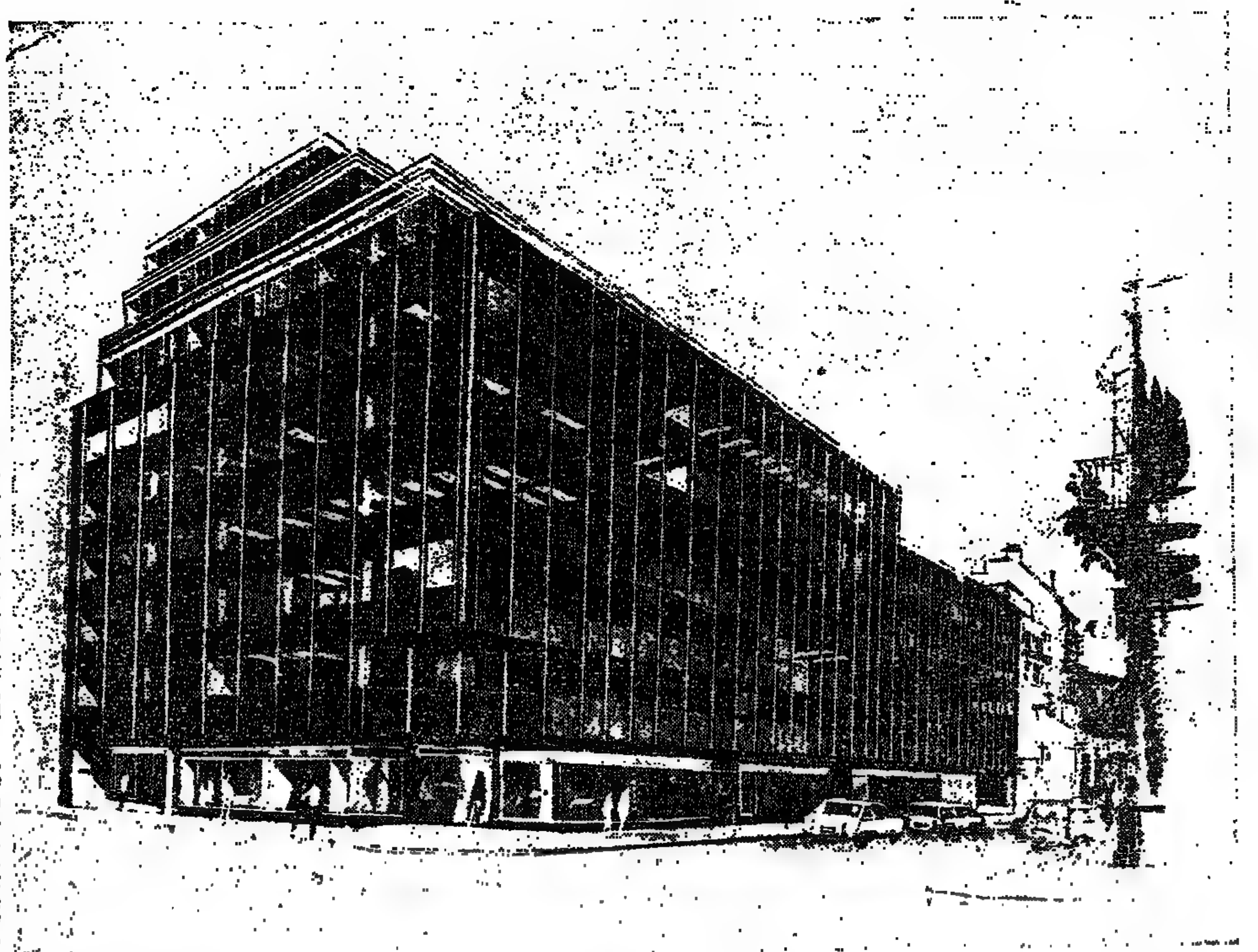
But yields definitely seemed to have stabilised, and edged downwards in some cases, this year, though it is often difficult to talk about range of yields because of the relatively small number of investment deals actually agreed. Moreover, a common *feature of the main* Continental markets is a shortage of good quality investments in the right locations with acceptable covenant and leasehold features. One agent recently looked, for example, at three or four possible purchases of office investments in the 8th and 16th *arrondissements* of Paris, but was not able to recommend buying any of them because all involved some complication such as the acquisition of a company or a messy tax situation.

The essential point now, unlike a year ago, is that if an owner wants to sell a good *quality property in France,* Belgium or the Netherlands, he can do so—provided he is "realistic" about price and recognises the change in the yield basis. There has been a certain amount of selling by British property companies in trouble at home, such as Stern (especially in France), the Lyon Group and Guardian Properties, *and also certain selective disposals* by other companies.

The purchasers are almost entirely likely to be local—for example, a number of acquisitions have been agreed recently in Paris by SICOMIS and insurance companies, while in the Netherlands there has been a renewal of interest in small investment purchases by private individuals. The Middle Eastern interest has so far been more talked about than actual—though there has been a fair amount of buying by various Middle Eastern states in Paris, and a few well-publicised deals in London.

Otherwise, the most interesting development is the increasingly international attitude of Continental investors. Although Italian and Swiss funds have invested outside their own countries for some time, a noticeable trend over the last few months has been the much greater interest of the big Dutch pension funds and insurance companies in acquiring property in Belgium and France. Certain Dutch institutions have also recently started to invest on a joint-basis in the U.S.—and there has been interest both in the U.S., especially in the South-east, and in Brazil from a few U.K. and French groups as well. The U.S. market is thought by some to offer considerable potential for European investors—particularly the British who are reluctant to expand again at home because of all the new Government controls, and see less scope for the moment on the Continent, though there is inevitably caution in view of the problems of the Reits.

Peter Riddell



Site on the corner of Rue Blacas and Rue Pastorelli in Nice acquired on behalf of Sunley France by Weatheralls France.

While the developers have to a large extent stolen the limelight, their professional advisers, the estate agents, have played an important part in the growth of British property involvement abroad. While Europe has been the main scene recently, there is a growing interest in North America.

Estate agents' role

IN THE WORLD of international property it is the developers and investment institutions that get most of the publicity. Yet behind the scenes, much of the crucial work is done by their professional advisers, in particular the firms of commercial property agents whose activities now span most of the western world.

Although some of these firms have been criticised for pretending to possess local knowledge and expertise which, in fact, they lacked, British agents generally have shown an admirable sense of entrepreneurial flair in setting up activities abroad. The first decisions to do so came in the late 1950s and in the first instance interest was mainly centred on the older Commonwealth Countries, Australia and Canada in particular. It was to these countries, too, that many British property developers were attracted: naturally they had a preference for using the services of a firm known to them in the U.K. if the opportunity arose.

Adventurous

When the U.K. finally woke up to the reality of the Common Market in the early 1960s, some of the more far-sighted agents—notably Jones Lang Wootton, Weatherall Green and Smith and Richard Ellis—took the very considerable risk of setting up continental offices at the same time as the first band of British developers—London and Overseas Property, Heron, Slough Estates and Rothschilds—began to work on continental projects. One point that was not lost on the more adventurous agents was that those who initially established themselves abroad tended to be the ones that maintained a leading position when others later followed. Thus, Weatherall Green and Smith was one of the first into Paris (in 1964) and still has a larger staff there than any of its rivals who arrived later.

Although the number of British agents operating on the Continent grew during the 1960s and the early 1970s, their enterprise and patience was not fully rewarded until the onslaught of the British property developers on Europe started in 1971. In retrospect, with many development projects in a parlous financial state and some unlet and maybe unlettable, some of the leading British agents admit that they, too, were caught up in the frenzy to "get into Europe" which gripped developers at the time. They know they should have acted more as a restraining force on some of the "cowboy" British developers who entered the Brussels and the Paris markets without any local knowledge or background on the workings of the development, lettings and investment markets.

As many an institutional investor will admit, there is, however, something comforting about doing the same as everyone else and few agents seemed prepared to take a tough, astringent financial line of the likely viability of new developments.

Such considerations are now past history. There has been little new development started by British or Continental operators in Europe since the oil crisis. Most agents have found themselves more involved in topping-out ceremonies and in finding tenants for new office blocks and industrial space than in advising on new development projects.

The pattern of agents moving ahead of the interest of developers and investors may well be emerging again now, but not in relation to Europe or the Commonwealth countries. Earlier this month, Jones Lang Wootton announced that the New York office which it set up last October has become "fully operational" with the appointment of a former vice-president of the American real estate consultants James D. Landauer as Executive Manager.

In a statement, Mr. Martin Myers, the London partner of JLW responsible for the U.S. venture said: "Already we are involved in negotiations to organise substantial funds for investment in U.S. real estate. Several major British companies are seeking our guidance with respect to their own property holdings in North America. The unique Chartered Surveyor concept has already impressed many American organisations. The firm will now provide advice in the U.S. to multinational concerns requiring new premises, or with real estate problems of any kind in all those parts of the world where JLW have offices."

This is certainly a confident statement of policy—and confidence is needed since JLW is the first major British agent to set up an office in the U.S. Its main rivals in providing a world-wide international service, Richard Ellis, will doubtless have given a similar venture careful thought since there are clear signs that British development and investment interest is flowing strongly towards the U.S. and Canada. English Property which, despite its name, has a very large stake in North America, said in its annual report last month that long-term capital had become available once again on an acceptable basis in the U.S. and that the company had raised substantial sums to extend its programme of acquisition and development.

No major British agent can afford to ignore that kind of sentiment especially since the development market in this country has been largely strangled through a combination of economic forces and political dogma. Some agents, however, would jib at the expense of setting up their own U.S. offices. D. E. and J. Levy have for years operated a loose association with the U.S. real estate agents Julien Studley.

For U.K.-based staff to travel backwards and forwards across the Atlantic is not very satisfactory, for obvious reasons. However, many firms of agents rely on U.K.-based staff for some part of their Continental operations.

Australia

As regards overseas operations in general, only two firms Jones Lang Wootton and Richard Ellis offer a really comprehensive international service. Both are active in France, Benelux and Germany as well as Australia, Singapore and Canada and JLW also has offices in New Zealand and Hong Kong. In some cases, particularly in Canada and Australia, they operate in association with a local firm or, as with Richard Ellis in Australia, a local firm and the British firm have joined together.

The other firms which operate in the Commonwealth countries tend to be among the larger ones. Debenham Tewson and Chinnock and Knight Frank and Rutley are active in Australia and Canada while Bernard Thorpe has an office in Australia and is currently developing close contacts in the Middle East.

There is a group of firms which have only opened two or three Continental offices and offer additional coverage from London. Knight Frank and Rutley have offices in Paris, Amsterdam and Geneva but also work elsewhere, Weatherall Green and Smith are in Paris, Nice and Frankfurt.

Several firms with more than one Continental office are active in most or all of the more favoured countries. Bernard Thorpe, Healey and Baker, Hillier Parker and John D. Wood fall into this category. Others are primarily associated with a single Continental country: Leavers with Spain, Savills with Holland, Herring Daw with France, Drivers Jonas with Italy and Debenham Tewson and Chinnocks with Germany. Hamptons are active in France and Spain.

Associate

Several are primarily associated with Paris: Herring Daw, Michael Laurie, Fuller Peiser and Antony Lipton through its associate Tiffen Lipton.

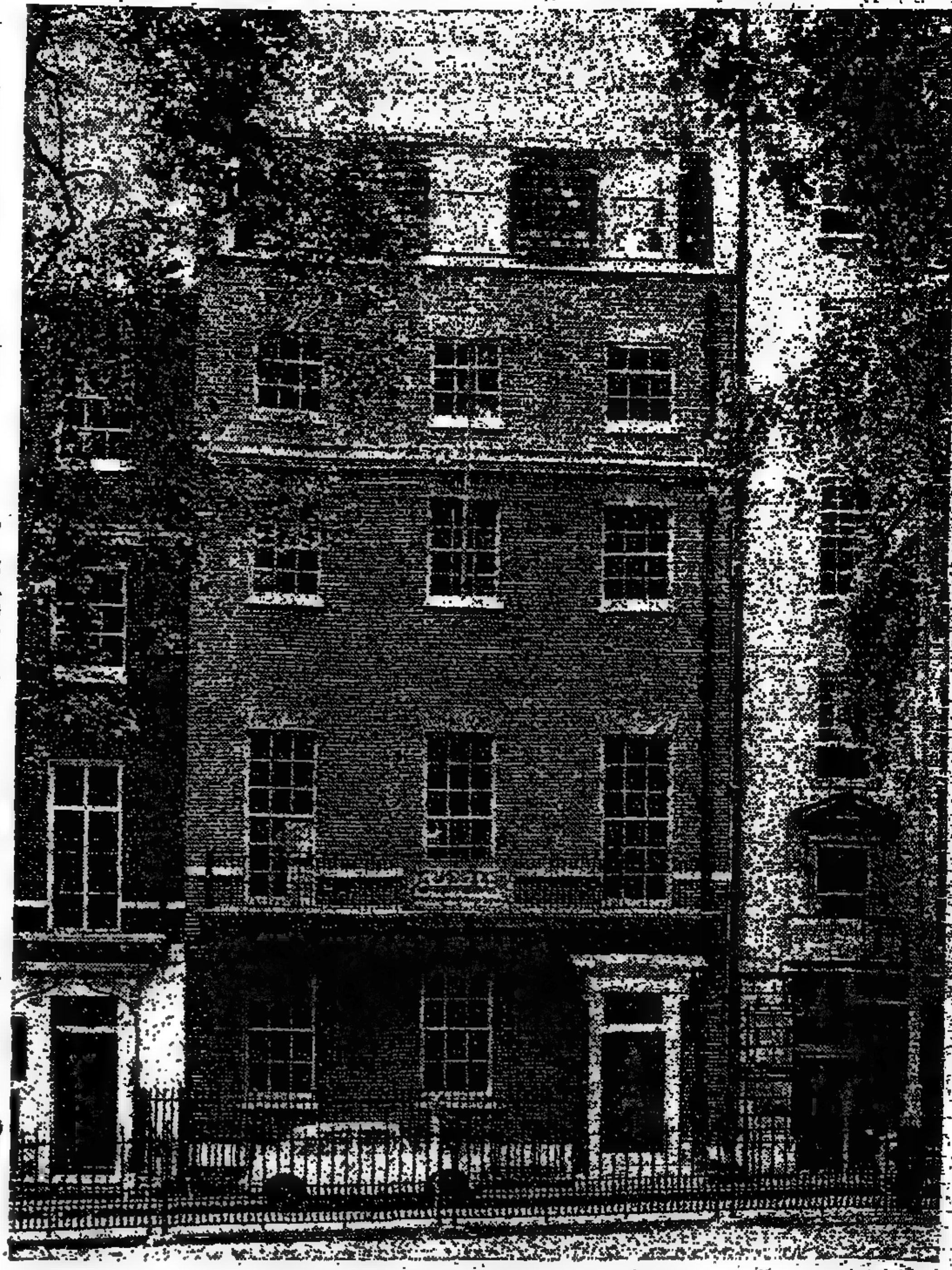
Too much should not be read into the locations of the offices since strict rules of demarcation are seldom applied. Depending on the client and the project in hand, it is quite possible for the Paris office of one agent to handle business in Germany or vice versa.

The longer established Continental offices are now well-staffed with local people up to and including full-time partners although the rule still seems to be that the senior partner in the office is British. This, of course, is in part no more than sensible business practice but in some cases the need to recruit locally has been speeded up either because of a shortage of British staff capable of speaking, say, German or Dutch, or because of a feeling that the British firms were foreign bodies which should not be accepted by local developers, owner-occupiers and tenants.

There can be no doubting the permanency of the British agents in the Commonwealth countries. Now, after the hard-won experience of operating on the Continent for some years, it seems that the British are there to stay although some of the weaker members are reported to be pulling out of Paris and Brussels. Since economic and financial considerations are the factors which determine development, the coming U.K. referendum on continued EEC membership will only have an indirect bearing on the activity of British developers in the other member countries. In the longer term it is just possible that a "No" vote would have some effect on the willingness of various EEC countries to grant work permits to British nationals, but so far that seems a distant threat.

A more acute worry is the question of mutual recognition throughout the EEC of professional qualifications since no Continental country has anything equivalent to the training and examination standards of a British chartered surveyor.

John Trafford



An international banking company acquired on a sub-lease this Georgian building in Berkeley Square, last September.

With minor exceptions, there is a world-wide surplus of property to let, both industrial and commercial. The prospect is that the current low level of new development will mean a shortage of accommodation in the near future—and higher rents.

Stagnating rent levels

WITH FEW exceptions there is a world-wide glut of commercial and industrial property to let. As a direct consequence, rent levels are showing a tendency either to stagnate or fall.

Of course, in many countries—France, Holland, Belgium, Germany, and sometimes the U.S. and Australia—the rents obtainable from already let buildings may rise through some form of indexing which links them to the cost of living or the cost of construction. However, indexing does nothing to let empty offices and, as many British developers have discovered on the Continent, it is no guarantee that rents will continue to rise when the lease comes up for review. If there is too much space around, the landlord either has to allow his tenant to stay on at an unattractive rent or face the prospect of a void.

The present situation in the lettings market can be traced back to the rapid rise in economic activity which the western world enjoyed in 1972 and part of 1973. During that time there was an unprecedented boom in building offices, shops and industrial premises and much of that space is now coming on the market and searching around for possible tenants. Demand for new space, on the other hand, has not kept pace with the rosy optimism of many a speculative developer, thanks to continuing inflation, high interest costs, a squeeze on liquidity and a slow-down in economic growth.

Over-supply

The pattern is well illustrated by looking at the volume of office space available around the world at the present time. Nearly 30m. square feet of office space are available in Manhattan, over 3m. in the City of London, 10m. in Holland, 1.2m. in Brussels, 5m. in Paris, 1.5m. in Sydney, 0.6m. in Melbourne. There is heavy over-supply in Stuttgart, Munich and Frankfurt with enough space in the last named city to last (say officials) until 1986.

There are, of course, exceptions to the general trend. Despite a slackening of demand, both land prices and rentals have been rising in Milan and many other Italian cities because insufficient development has been undertaken. Heavy demand, particularly from international companies, has kept demand for offices buoyant, too, in some of the major German cities, particularly Dusseldorf and Hamburg. In North America, Boston stands out as a city where little new space has recently been added and where new offices are much in demand.

The overall stock of available space is only part of the picture, however. Rather more important is the trend in the supply of new space and the trend in demand. If the former is rising while the latter is falling, rent levels tend to decline even if there is little new building in the pipeline. This has been the case in central London and in the Australian cities as well as Paris and Brussels.

Such a situation should not continue indefinitely, however, because the existing space gets taken up and at present little new space is being added. It is the prospect of this market mechanism coming into operation that is the basis for much of the world-wide optimism about the likely upward trend in rent levels.

Optimism for the future does little to sweeten present anguish. New York must surely rank as the world's Number One disaster area in office accommodation. Average rents for prime office blocks are a mere \$8-10 a square foot which completely rules out further building. Only 75 per cent. of the vast \$900m. twin-tower World Trade Center has been let, some of it at \$7.50 a square foot; Tishman Realty and Construction's 1.4m. square foot 44-storey skyscraper in the Avenue of the Americas has stood empty since it was completed in 1974 and the company has written off the building and three others for a record \$46m.

One 16-storey office block is being converted into flats because as offices it could not be let at rentals above \$4 a square foot and the owners faced a \$500,000 bill to meet the City's new and very tough fire regulations. As residential accommodation, the block may bring in rents of \$12 a square foot.

Environment

Fire regulations is just one of many ways in which local and central governments are making life more difficult for the developer and thus speeding the day when rent levels start to rise again. In North America generally there is a move towards more planning and environmental controls and the same trend is to be found elsewhere.

In London there is what amounts to an effective ban of new offices other than those developed by the Government or the railways. In Brussels commercial developments costing over B.Frs.50m. are temporarily forbidden and no office building is being allowed in the city centre pending a revision of the Town Centre Plan; there is also talk of a capital tax on all new offices in the Brussels area. In Paris, development permits rule out large new office blocks; there is a development tax, a capital tax and a tight system of planning permissions which apply not only to the developer but also to the eventual occupant, whether tenant or owner-occupier.

The Dutch Government is trying to introduce a Selective Investment Regulations Bill which proposes a levy on all building works in the Rijnmond (greater Rotterdam) area and the introduction of building licences for buildings exceeding D.Fl.1m. Throughout the country the Government will retain the right to require a special licence for buildings costing more than D.Fl.3m.

In Italy, a freeze on residential rents was extended to commercial and industrial property last year and security of tenure safeguards were also introduced. The main effect of this policy was on the lettings market for premises occupied by small businesses which has not had the benefit of commercial market forces except in the case of new accommodation.

Even West Germany, which for many years has taken a more liberal view about planning

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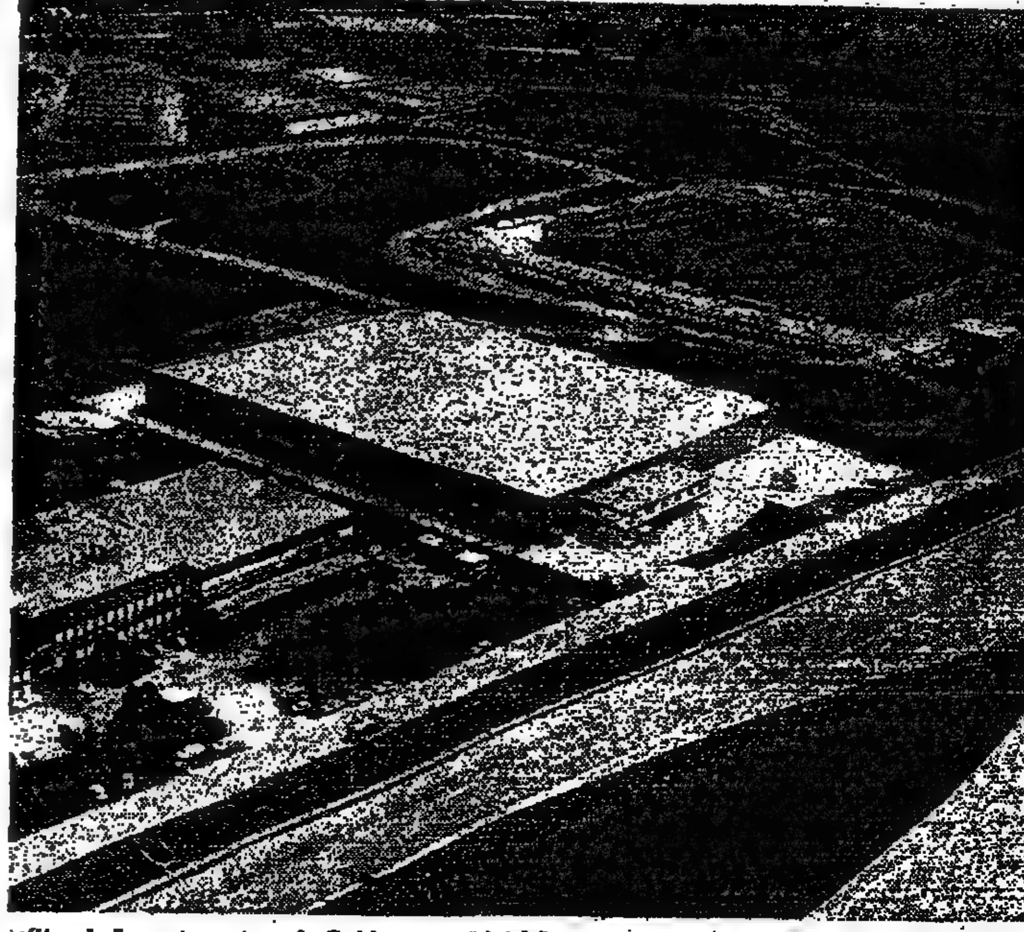
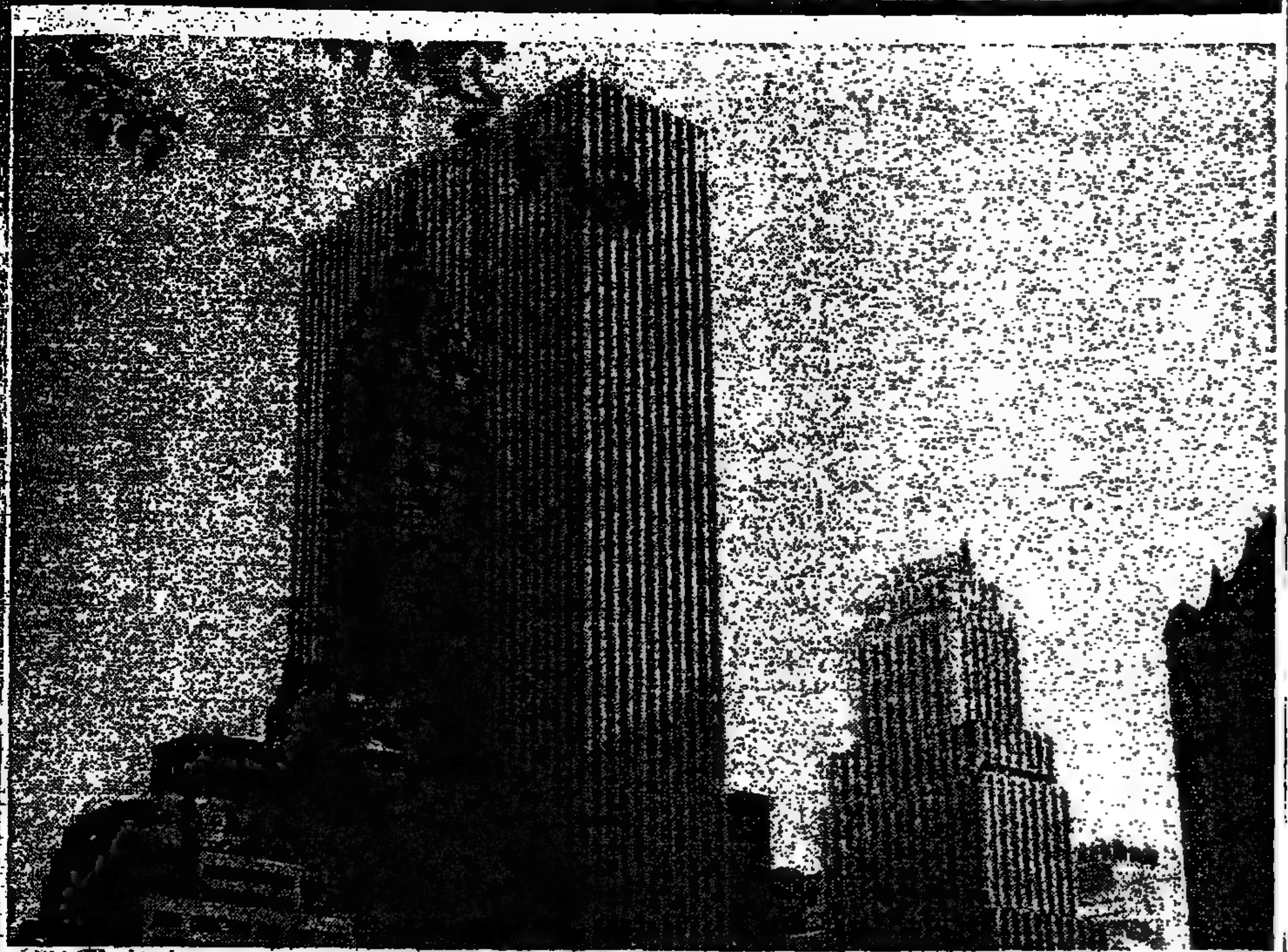


Stead Investments of Cobham sold this warehouse complex at Malines in Belgium to a Belgian institution for "about £1m." in January.



A view of the New York skyline from Central Park showing the side of the World Trade Center.

Wild predictions that the oil-rich Arabs were on the point of buying up whole areas of London and Paris some months ago have been scotched by their cautious approach to property purchases. But the injection of money is welcome.

Arab purchases

SOME MONTHS ago, when rumours were rife of Arab interest in the purchase of almost every large building in most of the capitals of Europe, there was a good deal of speculation about long term Arab intentions towards property. There were even predictions that whole areas of London or Paris might be bought by Arab interests.

Since then a number of factors have combined to produce a more measured assessment of Arab intentions among estate agents and property companies in Europe, while there are also clear signs that Arab investors have never had any intention of overwhelming the property market in any city and have in any case been taking a very cautious line about their purchases.

To begin with, some of the early estimates of the amount of surplus oil money that would be available to fund Arab property purchases in the west were far too high. Inflation, which has pushed up the cost of the imports on which many Arab states rely, has whittled away some of the value of the oil dollars. Equally there has been a growing emphasis on two kinds of development within the Arab world. The first is development within the "surplus countries" themselves—new roads, schools, hospitals, communications and so on. The second, particularly stressed by Kuwait and Saudi Arabia, is development within the wider Arab world, in particular in Syria and Egypt.

This is as true of property as of other kinds of investment and there are a number of British estate agents and others now actively investigating development prospects for a number of prime sites in Cairo, Damascus, Ryiadh and elsewhere. Saudis and Kuwaitis appear to be the most interested in this type of investment and many observers believe that the great interest in Cairo foreshadows its re-emergence as the natural centre of the Middle East once the present tensions in the area have subsided.

There is also considerable Arab interest in backing the development of new towns, like Suez City, and here again a number of British concerns are assessing possibilities and evaluating projects for Arab clients. It seems clear that Arab investors are increasingly going to favour joint ventures with Western interests in which Arab money can be successfully combined with Western expertise. None of this means that there will be no further Arab investment in property in the West, but it is an essential starting point in any discussion of long-term Arab intentions.

The majority of capital for property investments in the West has come, and is likely to come, from the smaller States like Kuwait, Abu Dhabi and Dubai, and others of the Emirates which have fewer domestic commitments than a country like Saudi Arabia with *an enormous development plan* to finance. Thus, much of the interest in property has come from the Gulf, either from Government agencies like the Kuwait Investment Office or the Abu Dhabi Investment Board, or from private companies and wealthy private individuals aiming to build up a property portfolio on their own account.

Revenues

In the case of the Government agencies it has recently become very clear that they take very seriously their responsibility for investing their nations' oil revenues for the inevitable day when their oil income starts to decline. Partly for this reason a good deal of secrecy has surrounded many of the deals already undertaken and it is difficult to be at all precise about the value of major Western property now in Arab hands.

The deals that have been most publicised include Kuwait's £91m. take-over of St. Martin's Property Corporation, Abu Dhabi's £36m. stake in the Commercial Union building, the sale of the Tour Manhattan in Paris to an unnamed Arab buyer, the sale of an island off Charleston South Carolina to Kuwait and the purchase by the Banque Arabe Internationale d'Investisements (BAII) of a DM20m. 20 per cent. stake in an industrial centre in Frankfurt.

There have very probably *been other* checks, if not on the scale, carried out on behalf of Arab investors by nominees, but it is impossible to know how common this is.

The attractions of western property are several. First, it *is a solid asset* and one which can usually be owned outright so that the Arab buyer can control it, unlike, say, a company in which he has only a part share. Second, property is likely to appreciate in value *in real terms over the longer* term particularly *if* major European cities continue their policies of restricting new office development. Third, although the yield may be relatively low when compared with short-term bonds and suchlike, *over* a longer term the yield from property is likely to be fairly reliable and it is the reliability and the security of investments that will be at a premium when the oil runs out.

For these, and other reasons, Arab investors have been closely analysing the property market in many of the western world's largest cities with a view to building up a portfolio of important properties. Most observers believe that the long-term policy of Kuwait, for instance, may be to buy prime property in several major capitals thus spreading the exchange and other risks of which the Arabs are extremely conscious.

Certainly some Arab investors have taken a hard look at opportunities in Canada, Abu Dhabi has been investigating Australia, many investors have shown an interest in Frankfurt, Amsterdam and Rotterdam and there is a good deal of interest in opportunities in Japan. The U.S. market is not thought so far to have attracted very much Arab capital, partly because of the Middle East situation and partly because of American reticence at selling to Arab buyers.

Referendum

Paris has certainly been the focus of a great deal of Arab interest with the most notable deal being the sale of the Tour Manhattan to an unnamed Arab buyer. London has in the past attracted more attention still, at least in public, with several major deals, but most observers believe that Arab interest in major properties in London is *not very strong* at the *moment*. They ascribe this partly to uncertainty about the Common Market referendum, partly to the major deals which have already been signed in the city and, perhaps most important, to growing fears for the strength and stability of the pound.

Many senior property men think that if the economic situation in Britain improves there will be renewed interest in the U.K. market, but as one said: "*We are never going to have* a situation where the Arabs make the market—it will always be a local market first and the conditions in it will either attract or put off Arab investors." Another factor discouraging Arab investment at the moment is the very fact that this London market is depressed, but there are some signs that it may now be about to improve again and some experts foresee a sharp rise in rents in 18 months when the current restrictions on office development begin to have the same effect on supply and demand as those imposed by *Mr. George Brown, as he* then was, some years ago.

Meanwhile, there has been considerable Arab interest in the purchase of flats, houses and even country estates in Britain. Although there are no reliable *figures for the number of flats* in Belgravia and elsewhere which have been bought by private Arab buyers, one senior property man estimates that well over 100 flats have been bought by Arabs in London in the past year.

Arab knowledge of Britain, which springs from the close association between the Gulf and Britain over many years, has certainly been one of the major reasons why so much of the Arab investment has been done through London and it has given a number of the larger British estate agents an opportunity to get very closely involved in Arab investment policy.

In the near future as the links between these concerns and their Arab clients get closer it seems likely that more and more Arab property men will come and train in London and Arab investors may take a seat on the boards of British *property companies. For the* moment it is a question of identifying and evaluating schemes both within and beyond the Arab world and few estate agents make any secret of the enormous opportunities *they see ahead.*

David Bell

Rents

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restrictions, has begun to tighten up its regulations and has even legislated on the question of building preservation in the residential market, the Government has recently introduced a limited form of rent control and tenancy protection. The commercial and industrial sector remains, however, free from control.

On top of these legislative controls, which seem to grow apace throughout *the* western world, a comprehensive range of financial restrictions have been placed on foreign developers in France, Belgium and some provinces of Canada. All these measures tend to slow development and strengthen the rather weak hand of the developer who currently has space to let.

The future strength of the lettings market will, of course, be decided by that balance between *supply and demand.* The world energy crisis has seen to it that demand has been lower than expected but that trend is now showing signs of *changing. There are some* sectors of the commercial and industrial market in Europe and North America that are already looking decidedly healthy and even Australia, one of the prime sufferers from a glut of office development, there is a prediction that office supply and demand will move closely into balance by the end of 1976 and *that there will be* a healthy lettings market again in operation by 1977.

In Europe, one of the brightest areas at present is the industrial market in Holland, now well established as the gateway to the Common Market. A large volume of new warehouse and factory development is in hand and rent levels have moved up in line with rising demand.

Much the same pattern is to be found in Belgium where at long last the advantages of rented industrial accommodation is coming to be appreciated by Belgian companies as well as *international concerns.* Germany, in fact, remains one of the few western countries where the market for rented industrial space is still rather patchy and liable to wide variations.

The recent bout of inflation, the energy crisis and the resulting squeeze on corporate liquidity can at least be said to have had one good effect. It has awakened many more companies, particularly European ones, to the benefits of renting rather than owning commercial and industrial buildings and so using the company's limited *financial resources in more* directly productive areas. In a very real sense, the traumas of recent months may have made the lettings market come of age in countries where it might otherwise have taken years to develop.

John Trafford

As elsewhere on the Continent, development of property in France is somewhat different from the British pattern. The incursion of U.K. interests has for this reason from time to time encountered problems.

France

ALTHOUGH the property industry was not mentioned by President Giscard when he announced his Frs.15bn. reflationary package last month, there can be little doubt that it will benefit from the measures. Spending Frs.4.2bn. on telephone equipment and lending large sums to the electricity, coalmining and railway industries is bound to have some spin-off; so, too, is the Frs. 240m. in regional development aid which will boost industrial expansion.

If one adds to the list the recent frequent reductions in interest rates and the strenuous efforts being made by the Government to woo foreign investors to France, the picture becomes a little rosier.

To-day the atmosphere among bankers, agents and developers is one of cautious optimism. There are exceptions, of course, particularly among some of the more foolhardy British developers who remain anxious to dispose of their French property portfolios. The optimism is tinged with apprehension that the reflationary measures may be slow to percolate into demand for more offices, shops, warehouses and factories. The liquidity squeeze which so many companies, particularly expanding ones, face could well mean that spending on new commercial space is postponed to the last possible moment. Nevertheless there is a strong feeling that the worst of the slump in property is now past and that new development, lettings and investment activity can be expected to pick up.

Commitment

Underlying the optimism is one factor which contrasts starkly with the situation in the U.K. While many French property men complain that the Government changes its mind far too often on economic matters and so makes property development (a long-term economic commitment) unnecessarily risky, most people agree that the Government is not deliberately setting out to ruin the industry nor hamper the growth of the sector.

Whatever the outlook, there are still plenty of problems. A recent study by l'Institut d'Amenagement et d'Urbanisme de la Region Parisienne estimates that there are at present 500,000 square metres (5m. square feet) of empty office space in the Paris region, 73 per cent. of it in the suburbs. Within ten months a further 600,000 square metres will be added. Average annual take-up is around 750,000 to 850,000 square metres so it looks as though the current glut is going to remain for another year or 18 months.

Outside the Paris region a further 500,000 square metres of office space will be built in the next three years and another 700,000 square metres in the following two so that by 1981 the provinces will have an additional stock of 1.2m. square metres costing at present day prices Frs.3bn. (approx. £300m.) to build.

These figures, although not precisely comparable, do at least underline the fundamental problem facing the authorities—the overwhelming attraction of Paris as a business centre. Much time, money and effort has been spent on enticing unwilling French companies to relocate in the provinces, including investment incentives applicable to provincial development and tough planning permits required in the Paris region not only for the developer but also for the eventual occupant of a new building.

Over the years this battery of measures has become more complex and more complete. Yet they were insufficient to stem the rapid rise in the interest of British developers which started in 1971 and rose to a peak in 1972 and early 1973. The interest was generated by the apparently much higher yields available on property development in France and on the fact that the lettings market (as opposed to the market for owner-occupied premises) was still in its infancy and apparently offered scope for companies experienced in the field. Only too late did some British operators come to realise that French law allows a tenant to terminate a lease every three years if he feels that the rent, which is indexed, has climbed above market levels.

Most of the initial interest by British developers centred around the Paris region and many of the larger developers moved in on the French market using short-term finance obtained in France or from the Eurocurrency market. In many cases French construction companies and other *promoteurs* took advantage of this interest and sold planned or uncompleted schemes to the British with evident satisfaction. Other British developers moved in with little or no local knowledge and started their own developments from scratch.

The result of this frenetic activity is much in evidence today. A large proportion of the new Paris region office space was built on spec rather than for a specific owner-occupier as had been traditional French practice. When the oil crisis struck, demand fell along with economic growth and earlier projections were seen to be over-optimistic.

Conservative

This switch from owner-occupied space was a trend even before the British developer appeared on the scene but in the past two years the proportion has increased markedly. One British agent, Tiffen Lipton, now puts the ratio at 80:20 between rented and owned new office space in the Paris region compared with 20:80 as recently as 1969. French sources, however, tend to be rather more conservative suggesting that renting is no more than 70 per cent. of new office space.

It would be wrong to attribute the trend solely to the British. The liquidity squeeze which has gripped most French companies has favoured rented accommodation as one means of employing a higher proportion of available funds in the directly productive areas of the business.

The economic slowdown, coinciding with the arrival of much new commercial space on the market, has had an inevitably depressing effect both on the lettings market and on the attractions of property as a form of investment for institutions and others who do not intend to occupy the buildings themselves.

Herring Daw, one of the British agents active in France, sees the outlook for 1975 as substantially better than that for 1974. It points out that the toughening of the *agrément* system (planning permissions) coupled with the economic problems has meant an almost complete standstill on starts being made to new developments in the Paris region. Barring some unforeseen economic catastrophy, it is hard to argue with the agent's viewpoint. In particular, with lower interest rates, continuing inflation and the traditional French liking for property investment, a strong revival in the commercial and residential property market is quite possible.

Institutional

In general, the pattern is one of French institutional buyers and occasionally an aspiring owner-occupier biding their time and picking up prime properties at attractive prices. It remains very much a buyer's market with investors still showing themselves in no hurry to conclude deals.

The current climate in the investment market has certainly caused problems for many a British developer who originally financed his development short-term and is now finding it impossible to obtain long-term finance on the British model. Too late, some developers have recognised that the availability of long-term finance which would allow developers to retain their properties was a phenomenon that lasted a short 18 months period in 1972 and 1973. Previously it has not been generally available and again to-day it is not available. The alternative is to find a local or foreign buyer. There are signs that some foreign investors, particularly the Dutch insurance companies, may become keen buyers of French commercial property alongside the French institutions. But, with liquidity problems at home, not every British developer can afford to wait for such interest to mature. One recent example exists of a British institution coming to the aid of a British developer in France. In March the ICI Pension Fund paid £1.5m. in cash for the entire French property portfolio of English and Continental which had a gross value of around £20m. but with substantial loans outstanding primarily from the Credit Lyonnais.

John Trafford

Falling interest rates have led to a slight upturn in property activity, but the hectic time of 1972/7 seems unlikely to return in the near future. The impact of the British.

Netherlands

THE DUTCH property market is beginning to show signs of an as yet hesitant recovery after the rather depressed situation last year: particularly when compared with the hectic activity in the previous two years which was mainly caused by the interest from the British.

Several estate agents have said recently that an encouraging development has been the clear decline of international interest rates making it somewhat cheaper for developers to attract sufficient funds for financing. On the other hand, some observers feel that the decline is only temporary and that interest rates may be expected to move up again later this year if the forecast economic upturn comes.

And for the moment, short-term bank deposits in Holland have fallen considerably to around 5 per cent. in the past half year while long-term deposits have gone down to just under 10 per cent. Commenting on this development, one of the leading British agents, Knight Frank and Rutley said that as a result of the lower rates, there had been new activity on the part of the major insurance companies, pension funds and investment companies who had considered interest earnings an important source of income in the past. The net return (inflation-indexed) of real estate, which the company puts at between 8 and 10 per cent. net, has generally become more attractive and this is not merely wishful thinking.

Estate agents also point to the added attraction of the strength of the Dutch guilder. This, a British agent, said provided investors with a "double cover" in that exchange rate profits could be made in case of dis-investments.

After the setbacks for the Dutch market last year — the economic recession, which is still continuing, and the major decline in British interest partly due to domestic problems in the U.K.—any real recovery here will be slow. Savills, another British agent, said in its "spring report" of the Dutch market that as a result of the real estate decline in general, many financial institutions and banks would think twice before putting money into property projects again. The report, published in Amsterdam last month, said that a contributing factor had been that many respectable investors had been tempted to take financial risks in their efforts to secure easy profits in real estate, a market of which they were not familiar.

Property circles said that as fast as British companies' efforts to raise money on the Dutch domestic market were concerned, Dutch financial institutions usually want not only guarantees from parent companies in the U.K. but also from clearing banks there. They add that there is a trend apparently to circumvent the dollar premium on sterling transfer for investment abroad by using the so-called back-to-back loans system. This system basically means that funds are deposited with banks in the U.K. whose affiliates in Holland can then supply equal size funds over here.

In a recent article, Dr. C. van Zadelhoff, a leading Amsterdam-based property dealer said of the British involvement in Holland that the speculative groups were the first to disappear from the scene. They were followed later by a number of medium-size companies who did not have sufficient financial flexibility to complete planned projects.

However, Dr. Van Zadelhoff warns in *Het Financieele Dagblad* of any exaggerated pessimism. He said: "Although British transactions have been reversed and assets have been sold to a total of several hundreds of millions of guilders, the British presence on the Dutch commercial property market is still a relatively important factor."

A survey of the past year by the authoritative Dutch real estate magazine *Vastgoedmarkt* said that despite the energy crisis and the more pronounced recession as a result, the 1974 letting market for commercial building had picked up sharply from the previous year, notably in the second half. It said that government and semi-government bodies had been the most active on the market last year.

The magazine estimated that by January, 1975, there was a total of 1m. square metres of office space completed or under construction and available for letting. Amsterdam accounted for about 35 per cent. of the total while Rotterdam represented 16.5 per cent. and The Hague 11 per cent. During 1974, a total of 300,000 square metres of office space was let, 110,000 square metres in Amsterdam, nearly 60,000 square metres in The Hague and over 40,000 square metres in Rotterdam. In all, office lettings were 50 per cent. up on the 1973 level.

Vastgoedmarkt estimates the overall foreign involvement in the Dutch commercial property market at more than Fls.1bn. (£175m.).

In the past year, a number of Dutch institutions have stepped up their efforts to invest more in neighbouring countries in particular. This was not only because they could not find enough alternatives in the relatively small home market, but it was also in line with their general policy of spreading risks across an international spread. The companies include several important pension funds such as Progress (Unilever), Shell and Philips. Rising Government restrictions is one of the other factors behind the trend and so are the high building and maintenance costs.

Saturation

Noninstitutional investors such as Blauwhoed (part of Pakhoed) and Westland-Amro-Pierson have been active in a number of countries and Blauwhoed has just moved in the U.S. in a grand manner through the Hexalon Company. The Dutch building construction companies, too, have become increasingly active outside Holland, and will continue to do so, chiefly as a state of saturation is near on the domestic market.

The outlook for Dutch property remains altogether uncertain, however, in line with the development of the economic situation. It remains to be seen what the effects will be of recently announced Government measures to stimulate the building industry in an effort to avoid serious unemployment in the sector. Apart from helping new projects off the ground, the Government is also aiming to stimulate renovation of existing housing.

The fall in interest rates is clearly a positive development and in Holland, too, a modest economic recovery is expected towards the end of the year. The Selective Investment Regulations Act, which was once dreaded by the property business, is now expected to come into effect within the next two months or so. The Bill, which aims to switch investments away from the crowded and industrialised west of the country, has been severely watered down by Parliament, however, against the background of rising unemployment. The regulations will now mainly cover the Rotterdam (Rijnmond) area, although their scope could be widened at some later stage. Finally the Special Powers Bill, in force the whole of last year which regulated incomes, rents and dividends, etc., ceased to be effective in January.

Michael Van Os
Amsterdam Correspondent

Many developers now view the future with more caution than at any time since the tourist boom exploded in the late 1950's.

Spain

THE GENERAL downturn in Western economic activity during the past 12 months has predictably had its effect on the Spanish property market. Although the Spanish economy has been least seriously affected, at least in sheer growth terms, than most of its principal trading partners the relative tightness of money combined with the increased caution shown by most of the country's leading companies has served to put a damper on prospects for this year in the commercial, industrial and private building sectors.

For the past 15 years Spain has almost become used to enjoying an annual real growth rate of between 7 and 8 per cent. Last year's figure of just over 5 per cent. was a relative disappointment and this year's projection of around 3 per cent. a cause of serious concern. The construction industry has been among the first to feel the chill, particularly in the tourism sector where new building has fallen away very sharply. The vital problem for tourism is that of over supply and the famous Spanish coasts are littered with uncompleted hotels that in some cases will probably never be finished.

Although certain prestige projects, which reflect the Government's policy of putting more emphasis on the quality end of the market, have not so far been too seriously affected there is no doubt that villa and apartment sales in general have been badly hit. From the British point of view the drop in the value of sterling and the cost of the property dollar premium have naturally made the Spanish market less attractive but other major purchasers, such as the Germans, French, Scandinavians and Americans are making far fewer inquiries this year. Many developers are now viewing the future with far more caution and it is widely recognised that new projects are going to need far more careful research and planning than has been required since the tourism boom exploded in the late 1950s.

Office and commercial building tends to obey rather different laws of supply and demand, although naturally it has some points of preference to the tourism sector. As a newly industrialised nation with a significant lack of companies that in size compete on a Euro-

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Belgium

A chronic oversupply has meant that the commercial property market in Brussels, long popular with the British, has lost much of its glamour.

THE BRUSSELS commercial property market, for a number of years regarded as such a happy hunting ground of British developers, has lost a lot of its glamour—at least for the moment. It is suffering from a chronic over-supply which current forecasts suggest will persist until at least 1978.

According to a recent study by Richard Ellis, between now and the end of 1977 some 800,000 square metres of new modern air-conditioned office space is likely to come on to the market. It reckons that this year will see some 340,000 square metres become available, next year around 256,000 square metres and something under 200,000 square metres in 1977.

The same study estimates that demand this year will be for no more than 150,000 square metres, rising to 200,000 square metres in 1976 and possibly rising to 260,000 square metres in 1977. However, by 1977 the amount of accommodation actually available for renting will be by the Richard Ellis figures, nearer 450,000 square metres leaving a surplus of some 200,000 square metres.

Breaking up the developments according to area the study sees the prime effort still going into areas bounded by the Avenue Louise, the Rue de la Loi, and the inner ring-road which includes the Avenue des Arts and Avenue du Regent. Of the new space becoming available this year it reckons that some 200,000 square metres will fall within these limits while 80 per cent. of the developments in 1976 are also encompassed in the same area which takes in the Quartier Leopold. However, in 1977 it estimates that fewer than 80,000 square metres will be completed in this area.

Over the three areas it notes a steadily growing interest in the outer areas, although a long way from a rush to the suburbs. The two areas of particular interest appear to be the Boulevard du Souverain and the Avenue de la Woluwe which constitute between them a sort of outer ring road around the eastern side of Brussels stretching up to the airport. The study estimates new availability over the three years in question in the outer areas at 45,900, 50,000 and 88,000 square metres respectively.

As for the situation after 1977 the Richard Ellis study estimates that further projects totalling around 142,000 metres scheduled for completion, excluding the 240,000 square metres of space which will eventually become available in the World Trade Centre development should the project be carried through as originally envisaged. It is thought that some of the new projects could easily be advanced if the market showed any significant sign of an upturn.

Bargaining

Rents have suffered from the over-supply situation, since tenants in all but the most prestigious offices have a certain bargaining power. It is estimated that prime rents for modern air-conditioned offices in Brussels at the moment are running at about BF3,500 per square metre per year in the Arts/ Regent area (about £42); around BF3,000-3,250 in the Quartier Leopold; and around BF2,750 in the Avenue Louise. At the peak of the market up to BF4,000 was being asked for Avenue des Arts accommodation, though this was not finding ready takers.

The major influence on the market has clearly been the general economic downturn. The four important clients from a letting point of view in Brussels are the Government ministries; the Common Market institutions; the organisations established in the city to deal with the EEC and monitor its activities, including the lobby groups; and the commercial operations like the big multinational companies with headquarters in Brussels. Apart from Government rentings all categories of clients have been showing relatively scant interest in acquiring extensive accommodation.

However, changes in planning regulations have also had an important effect on the market. The Government has imposed a virtual full stop on development costing more than BF50m. (about £6m.) and has imposed a one-year moratorium for schemes above this figure for which planning permission had already been granted. In the centre of Brussels it is withholding all permits while it examines its overall renewal policies in the light of the desire to give more weight to housing. The tightening of controls in the Avenue Louise with a view to restricting commercial development to 50 per cent. of the area came after most developers were already losing interest there.

The finance situation has eased recently. It is now possible to borrow up to 100 per cent. to a value of BFrs.2m. 70 per cent. to BFrs.3m. and 65 per cent. above that. In addition, credit restrictions on the commercial banks and reserve requirements are being abandoned over the early part of the summer.

British companies, while still very heavily involved in Brussels, are not such a dominating force as previously. Apart from the downturn in the market itself, U.K. companies have been hurt by the withdrawal of the authority to export £1m. per scheme while the economic decline in the U.K. has had a calamitous effect on companies using back-to-back finance on the basis on unrealistic asset valuations.

While dominating the commercial office scene, Brussels is by no means the only place of interest in Belgium. Antwerp has some 50,000 square metres of speculative office accommodation under construction or in projects planned over the next three years. However, the tradition of owner-occupation is slow to change and there is a reluctance to rent modern property, partly because of the low rents in the older un-air-conditioned properties. Prime rents in Antwerp are around some B.Frs.2,250 per square metre per year. One of the areas likely to experience some development is the axis between the central station and the Groen Plaats which is now served by metro.

Motorway

In Liège the market is small, but the town itself has been successful in attracting foreign investment because of its position at the centre of an advanced motorway network, which puts Germany, France and Holland all within easy reach. Prime rents in Liège would be hard put to reach BFrs.2,000.

In 1976 Belgian properties will be revalued for rates for the first time for 20 years.

On the residential front there is over-supply in residential accommodation partly due to the downturn in the American economy which made American concerns and individuals reluctant to continue to pay the colossal rents being asked and obtained for detached suburban "villas" within easy reach of the centre of Brussels. New four-bedroomed detached houses in Waterloo are now on the market at between around BFrs.20,000 (at the lower end) up to BFrs.35,000 a month.

On the apartment scene a lot of rents have now been indexed according to the cost of living rather above the market value, and when the lease runs out tenants may find themselves in a relatively strong bargaining position. A British withdrawal from the EEC could well, of course, have a severely depressing effect on the residential property market.

The Government recently introduced new rent measures designed to control inflation which will have an impact on the residential market, as yet too soon to be quantified. It revised the indexation provisions so that the index is now calculated on a standard formula and it froze some rents until December this year. An attempt is also being made to stimulate house building to counter the recession in the construction industry.

David Curry

West Germany

The current recession has made the conservative bankers even more shy of the property sector.

A WEST German chemicals company executive was recently bemoaning the somewhat sorry state of demand before a group of journalists. Suddenly he brightened up. "Well, gentlemen," he said, "at least we are not in the property business."

Certainly one can question the validity of a chemicals man's view of the property market, but the fact of the matter is that the industry has been having a rather rough time of late. With the Federal Republic in the throes of recession, it could hardly be doing anything else.

West Germany has never been the stereotyped example of the property man's dream. The market is in many ways far more regulated than in Britain, France or Holland and, besides, German financial institutions have been reluctant to put up the cash for speculative commercial schemes.

The international property men were slow to move into Germany and the bankers' view here is that when they finally came they did so on the basis of insufficient research. While there is certainly a kernel of truth in this, the property men could hardly have foreseen the oil crisis which precipitated the current economic downturn.

This downturn hit the property market long before it affected industry in general. The German property market has been going through a difficult patch for 18 months or so, whereas for German industry in general the recession really started to bite only in the latter months of last year. After all, it was only a matter of months ago that the German steel industry, which is at present operating desperately under capacity, was forecasting a long-term boom.

The residential market, for long regarded here as the most important investment sector, is still in a state of heavy oversupply. Latest estimates put the number of empty flats in the country at well over 300,000. While there is still heavy demand for residential accommodation, it is largely at the lower end of the market. The vast majority of prospective tenants and buyers are unable to pay rates which offer developers an adequate return.

Holding off

As far as commercial and industrial property is concerned the market is flat and likely to remain so until a long-awaited upswing comes. The capital intensive industries are in the main continuing with their long-term investment programmes—they could hardly do otherwise—but the fat is being trimmed where possible. As many concerns as possible are holding off from investing as long as they are running so far below capacity.

Not surprisingly the construction industry is in a particularly sorry state. There have been a rash of bankruptcies among the nation's small builders, while many of the larger concerns have a distinctly dishevelled look.

But for steel industry and a large sector of the plastics industry, it is the construction industry that in large part holds the key to recovery. Home demand for steel and plastics are heavily down with the two major home consumers—the building and motor industries—in recession.

Admittedly things are beginning to pick up in the motor industry, but for a major steel maker such as Thyssen, a 10 per cent. rise in demand for cars represents only a 1 per cent. improvement in Thyssen's sales.

There are, however, a few encouraging signs. West Germany's largest mortgage bank, the Frankfurter Hypotheken, has reported that towards the end of the first quarter there was an improvement in mortgage demand after a slow start to the year. Figures for the first quarter, at DM154m. were 25 per cent. up on the previous year. Municipal authority business, said the Hypo, had been extraordinarily lively, largely as a result of this, total loans granted had increased fourfold to DM597m.

This is welcome after the dismal news of last year. In August, the Hypo reported that mortgage approvals in the first half had fallen by DM150m. to DM632m. By the end of 1974 the picture had changed somewhat with loans up from the previous year's DM1.03bn. to DM1.7bn. The pattern of lending, however, had changed dramatically with municipal authority accounting for 69 per cent. borrowing compared with 31 per cent. the previous year.

While increased activity in the public building sector may do the construction industry a power of good, it is hard to see an immediate short-term benefit for the private market. Here in Frankfurt, there is at least 4.5m. square feet of office standing empty and some people put the figure as high as 6m. square feet. There is also a vast amount of slack to be taken up in the higher priced residential market.

In the longer term of course West Germany with its unbounded economic confidence remains one of the most attractive markets in Europe. There is no doubt that the upswing will come, only the timing is open to question. However, for the property developer there will be a number of problems particularly in the financing field. The intensely conservative German financial institutions feel at their most comfortable in the industrial field. A number were attracted by prospects of juicy profits into property. Many had their fingers burnt—and that will not happen again. In future, it will be the developer, himself, that bears the full brunt of the risk.

Guy Hawtin
Frankfurt Correspondent

Spain

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pean scale the demand for new office space has not been dramatic, but it has been still significant and for those developers who have the relevant expertise extremely profitable.

It is also a sector in which the much-vaunted expertise of foreign operators has on occasion proved insufficient to cope with the legal, financial and business style complexities of Spain. Several foreign developers have recently, or are in the process of, disposing of properties they acquired three or four years ago and invariably suffering a fairly substantial loss. The much-repeated advice that it really does pay to take a Spanish partner on a 50:50 basis has, perhaps, on these occasions proved to be all too accurate. Some Spanish developers, who find it difficult not to conceal their amusement, point to the fact that the foreigner too often has tended to buy at inflated prices because of their general lack of awareness of the overall situation, neither have they had recourse to local money where interest rates tend to be significantly lower than those pertaining internationally.

Local savings banks are one of the principal sources of mortgage finance and due to the relative expertise they have acquired in this type of operation play a more important role than the slow-to-adapt commercial banks.

Attractive

Credit from a Government agency is an extremely attractive proposition because of the low interest rates it carries, but a degree of personal influence is needed, while the insurance industry is still rather undeveloped and does not have large sums available for investment. Recent financing arrangements with the savings banks are understood to have carried interest rates of between 12 per cent. and 14 per cent., similar to those charged by the main commercial banks, while the official credit institution makes money available to selected customers for around 9 per cent.

During the coming months Madrid is going to see quite a large amount of new office space coming on to the market at a time when demand is far from strong. But this has to be measured against the fact that there is currently only a limited amount of new space available. The crucial factor for the developer is that of timing. No one doubts that over the longer term demand in Madrid and Barcelona, the two main centres of commercial activity, is going to be extremely buoyant, but the developer who is building for sale and not for rental cannot usually afford to wait long for conditions to improve.

At the moment new medium-level office space well situated in Madrid would certainly go rapidly for Pts.550 (£4.20) per square metre per month but probably far more difficulty would be encountered at a price of Pts.650 (£4.96). Most rental agreements have a cost-of-living clause which permits the owners to increase the rental annually in relation to the officially published Government inflation figures.

Building for sale, is, however, recognised as a potentially far more profitable venture. There are a few prime quality office blocks on the market where prices tend to vary between Pts.70,000 per square metre (£534) and Pts.100,000 (£763), with one developer understood to be asking a remarkable Pts.125,000 (£954).

The residential market has also seen a very sharp escalation in prices during the past 18 months. There is relatively little new or existing housing on offer either for rental or sale and prices tend to be correspondingly high. Those people who do not want to live in an apartment face the prospect of paying a minimum of Ptas.7m. (£53,400) for a three-bedroom house in a good residential area which in rental terms would fetch betwen Ptas.40,000 and Ptas.60,000 (£458) a month depending on what ancillary facilities it offered.

There is now under construction a small development of 20 houses near the centre of Madrid, the asking price for which is expected to be between Pts.30m. (£229,000) and Pts.40m. (£305,000) each a figure so sterling as to make even the wealthiest Spaniard blanch. However, apartment prices in the prime areas have also risen very steeply with a corresponding effect on rentals. In an average priced area north of the centre the rental for a three-bedroomed apartment in a low rise block with use of communal swimming pool and garage is likely to be around Pts.40,000 (£305) a month.

In the final analysis much is going to depend on the performance of the Spanish and other Western economies during the next 12 months, but there is no doubting the inherent strength of the Spanish property market, which must be expected increasingly to reflect the tremendous economic growth of the nation during the last decade and a half.

Roger Matthews
Madrid Correspondent

The depressing situation in the U.S. market continues with no sign that the bottom has been reached. Caution will be the hallmark of any future development

American blues

FOR THE property sector—housing, construction and commercial real estate alike—struggling out of the recession has been like trying to get out of quick sand. They continue to slip lower and lower, and try as they might, they just cannot seem to find a firm bottom. As the results for each quarter come in, they hope that the next one will be better, and for the past year and a half at least, have been invariably disappointed.

Although the first quarter profit figures for many sectors this year were down from last, and the drop was expected, housing for example was a big loser, as it has been since 1973 when mortgage money began to get tight. According to a survey published by Business Week magazine, profits in housing were off 85 per cent. in the first quarter, from the comparable period last year, and last year's figures were considered depressing at best.

Recovery

Interest rates have dropped, but mortgage rates have been slow to follow. This has slowed recovery prospects in housing. Monthly preliminary figures for total private and public housing starts show an upturn for March over all, and the seasonally adjusted annual rate for single unit private housing starts rose to 757,000 units in March from January's 739,000.

The number of starts for two or more units, however, faltered after a firmer start in January, dropping from 260,000 to 223,000, at a seasonally adjusted annual rate. The annual rate for this group in 1972 was 1,047.5m. and in 1974 was 449,700.

Construction, too, was still drifting lower in the first quarter. January and February were the industry's nadir. The March outlays, which ran at an annual rate of $125.8bn., were more or less flat in comparison. When judged against last year's figures, however, the March totals were $10bn. less. Take out price increases, the picture deteriorates further, with real volume 17 per cent. below the same month last year, for the annual rate. There were some signs of strength in new contract awards, but those too were 15 per cent. below last year. Plans for a lot of non-residential construction were being dropped.

With bank loans of $10-$12bn., the Real Estate Investment Trusts (REITS) are an influential factor in the property markets, and their prospects have not been encouraging either. Recent events have made recovery seem a long term, not a near term, possibility. Some forecasts have suggested that REITS, especially those heavily invested in the troubled resort-area condominiums and urban office buildings—and there are a goodly number of these—may take as long as five to ten years to put their portfolios back on a sound earnings basis.

Chase Manhattan Mortgage and Realty Trust, the nation's largest REIT with a loan portfolio of about $1bn. must have seen this as a possible, if unpleasant possibility when it presented a refinancing proposal to its 41 creditor banks. The Trust, which is managed by Chase Manhattan Bank, proposed a repayment schedule for loans which it would not be able to keep current, and these repayments were to be made out of earnings. The payments began in 1983 and were to be continued for five years. That must be a gloomy prospect for the lenders, most of whom are looking forward to wiping the REIT loans off their books and forgetting the entire sad affair.

One major concern is that as a result of the REIT debacle banks will be reticent about another major commitment to the real estate industry. This, it is feared, may further delay recoveries in construction and housing markets.

As the recession has separated the men from the boys, vacant retail outlets have become markers for those who have fallen by the wayside. Many of the large retail chains have been hurt by lower margins, less consumer spending and the decline in consumer credit. There have been some dramatic shake-outs and for some vacant stores go begging.

Among the recent casualties is the McCrory Corporation, which is planning to close most of its 17 Klein department stores, plus 160 variety stores and five warehouses. The Rapid American Corporation owns 65 per cent. of McCrory stock. For the stores with good locations there is the hope that one of the more successful chains will take over the abandoned location. For stores with undesirable spots—and for many retail chains there are more undesirable than ideal locations—the chain has a real problem.

For some of its sites, McCrory has been lucky. Korvette's, a chain operated by Arlen Realty and Development Corporation, will take over six of the S. Klein stores. This will add more than 1m. square feet of retail space to the Korvette operation, and has been described as the largest single expansion by one retailer in the New York area in many years.

Supermarkets

Another retailer with problems is the W. T. Grant Company which suffered a $175m. loss last year. The company has implemented a plan to close 260 stores in its nationwide operation, over a two year period ending next January. Both S. S. Kresge and J. C. Penny are planning to take over some, but not by any means all of the Grant sites. In some areas this has merely added space to over-built markets.

The combination of high and still rising construction costs (in spite of the recession) and the favourable terms most of the troubled retailers are willing to offer in order to unload these properties, make it much cheaper to lease these stores than to build a new one, at least over the short-term. Another solution is to buy an empty building from an owner who is anxious to sell. Then, with a long-term lease in hand, resell the site at a profit, leasing it back from the new owner.

For many tenants, and property owners, including the large retail chains and the well-known supermarket operations such as the Great Atlantic and Pacific Tea Company (A. and P.) there is a new shift afoot for prime spots. Many inner city locations have long been trouble spots, especially in cities where the down-town areas have deteriorated, and the stores have followed the exodus of people to the suburbs. Now, however, suburban shopping centres are beginning to go through a similar shakeout.

Instead of the ground level buildings which sprawl over thousands of square feet, often comprising a confusing array of disjointed small and large stores rambling on and on, retailers are turning to shopping malls. These are often two- or three-storey structures. Many are enclosed and include underground parking facilities. Others, like their predecessors are surrounded by acres of tarmac. The arrangement often places two major retailers at either end of the complex, with smaller shops in between. Older shopping centres are finding it difficult to compete in some areas.

Inner city office space is at present faring little better. Most of the nation's metropolitan areas are over-built. In New York City it has been a special problem, with about 18 per cent. of the city's commercial office space standing vacant. It has meant big losses for both private and public buildings. The controversial World Trade Center towers, with 9m. square feet of space for rent and only 7m. leased is losing money at the rate of almost $10m. a year. Even with all its space rented at current rates (major new tenants pay $7.50 a square foot) it would still lose money.

According to one estimate, many of the new buildings in New York are not earning enough to make their mortgage payments. People feel that rents have not yet reached their nadir, and costs unfortunately have not yet reached their peak. This leaves a lot of landlords flailing around trying to keep their heads out of the mire. The stronger firms will survive, and the weaker ones will not.

One observer suggests that many of the firms got into to trouble by not balancing their expenditures with their incomes. It is a simple principle, but now the lesson is being learned the hard way, and far more cautious expansion looks to be the trend of the future.

Candace Cumberti

With a virtual strike of capital reflecting lack of confidence in the Government commercial prospects remain poor. However, the worst is probably over for the property industry

Australia

ALTHOUGH THERE is still a lot of office space around the capitals, and although there is little new industrial capital expansion taking place, it is now clear that the worst is over for the property owners and developers in Australia. It is now simply a matter of survival for the next 18 months to two years.

There have been a number of factors at work to bring about this change. For a start, the Government which brought the building industry and the property business into a state of near catastrophe two years ago is softening in its attitudes as harsher economic realities overtake undisciplined idealism.

For a start, the attitude on foreign investment (which was brought to a standstill in 1973 and which Government actively discouraged) has given way to a virtual open door situation once more. Indeed, the Treasurer, Dr. Cairns, and other ministers have been openly courting American and oil dollars. Then the rapid expansion of the civil service led the Australian Government not just into leasing more space in capital cities but ultimately into property buying deals in which large office blocks changed hands, developers got their cash instantly, and the civil servants took over a previously empty building. Negotiations for similar purchases in Sydney and Melbourne—including some of the most prestigious buildings—are still going on.

Then, in New South Wales a row between the Federal body of the Building Workers Unions and the communist-dominated NSW branch led to confrontation which the Federal group won. The importance of this move had immediate repercussions when the famous "green bans"—bans on development of sites for environmental or other reasons—were lifted and sites tied up for two or three years at huge cost to developers are now released for demolition and reconstruction.

On the commercial front, leading property men predict that demand will overtake supply in the medium term. Melbourne, once considered highly oversupplied and unlikely to see any relief until the year 1981 is now seen by Jones Lang Wootton, as turning around in 1977 — that's about about 18 months to two years from now.

Predictions

The same firm sees the turnaround in Sydney coming in 1980, a date again brought forward from earlier predictions and one which is now regarded as conservative. Those in more bullish mood see the Sydney central business district turnaround coming in 1978, with problems of undersupply arising afterwards. On the north shore of Sydney, where a tightly knit group of skyscrapers, mostly attracting advertising men has been formed, the company sees the turnaround point next year.

In Adelaide, Jones Lang Wootton points towards a levelling of supply and demand by 1977, Brisbane and Perth also by 1977 and in Canberra by next year. These views are generally borne out by the Baillieu Allard Group in its nationwide survey, but with a shorter term for the turnaround in Adelaide and Perth. Indeed, this group sees shortages of office space in Perth by 1979.

In the light of these predictions, which are generally supported by property men around the country, one would hope to see some new boom beginning in the business districts in order to be ready. But there is none. The present economic climate in Australia is such that none of the groups have made any new commencements this year unless there was a pressing reason such as reaching the last possible date before building permits ran out, and new plot ratios would have to be faced. The Abbey Group has stopped new projects, so has MEPC—indeed they all have. The only concern now is to consolidate funds and survive the depression.

And that is the nub of the problem. Business has no confidence in the Australian Government in spite of all the ministerial statements on the value of private enterprise. There has been a strike of capital, with no new investment in industry taking place, no new industrial land being built up, or existing sites extended. In general, it is a fair assumption that none will take place until the Government either changes (and that could take another 18 months) or the alleged change of heart by Government can be seen as an honest one. It is this lack of confidence which is holding back the commercial site developers and the homesite developers. Indeed, it seems an extraordinary state of affairs when one can see an undersupply situation arising in two years, millions of dollars being pumped into the home market at Government insistence, and the building industry in one of its worst depressions of modern times.

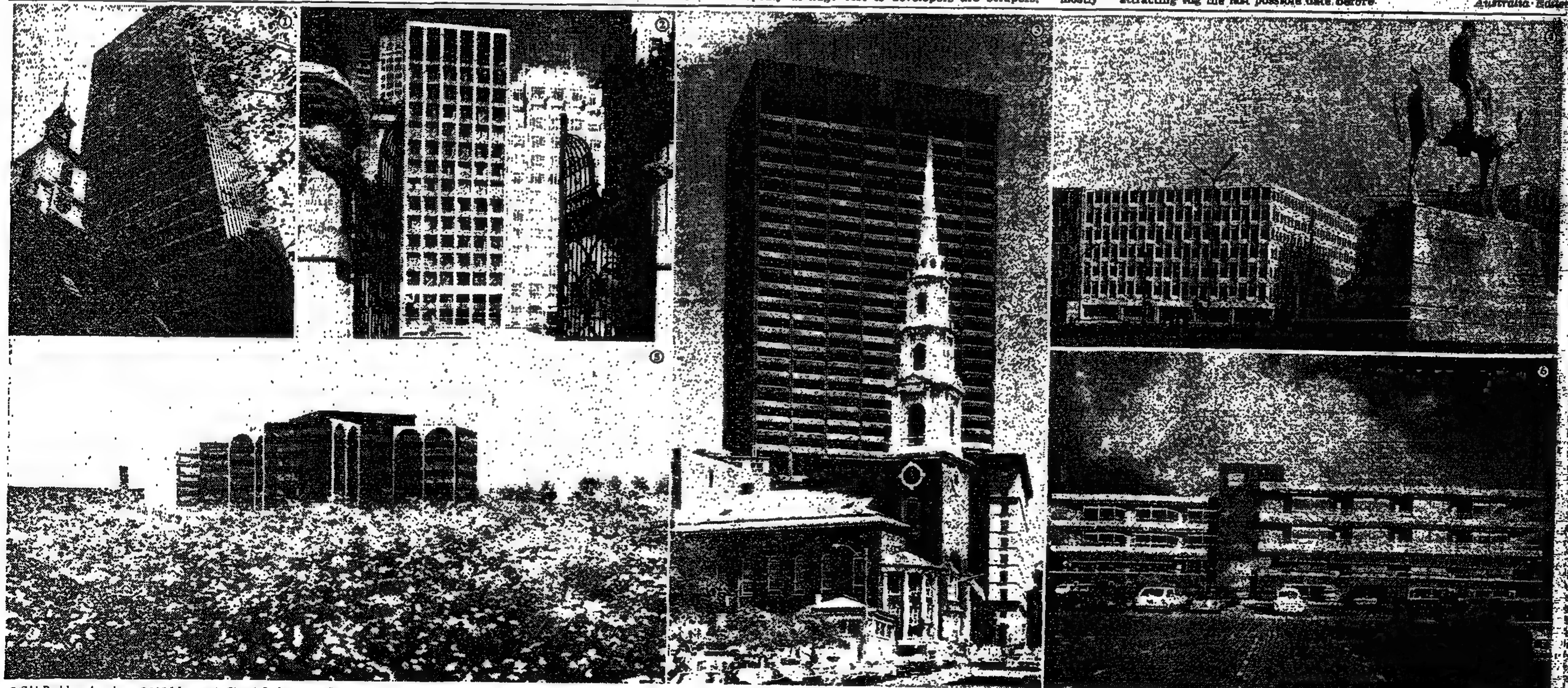
Existing

But such it is. Seventy-three per cent. of the new money for homes has been spent in buying existing houses, not in building new ones where delays and cost escalations of up to 30 per cent. can be experienced.

Funds for commercial and industrial development from overseas dried up long ago and in spite of the new policy, show no signs of returning. As for the local sources—life offices, superannuation funds and the institutions generally—they have become scarce and will undoubtedly get scarcer now that the Federal Government is entering the general insurance business, and through other diversions, making the insurance areas less and less attractive as savings sources.

And, with the property crashes of the last year still fresh in the minds of the market, there is a clear unwillingness to invest in property development, an industry with which the Government continues to have a love-hate relationship that, on the one hand says this, on the other says that, and ultimately gets nowhere at all.

Michael Southern
Australia Editor



1 C.U. Building, London 2 139 Macquarie Street, Sydney 3 1 Beacon Street, Boston 4 Arts/Lux, Brussels 5 France-Evry, Near Paris 6 St. Jacobsstraat, Utrecht

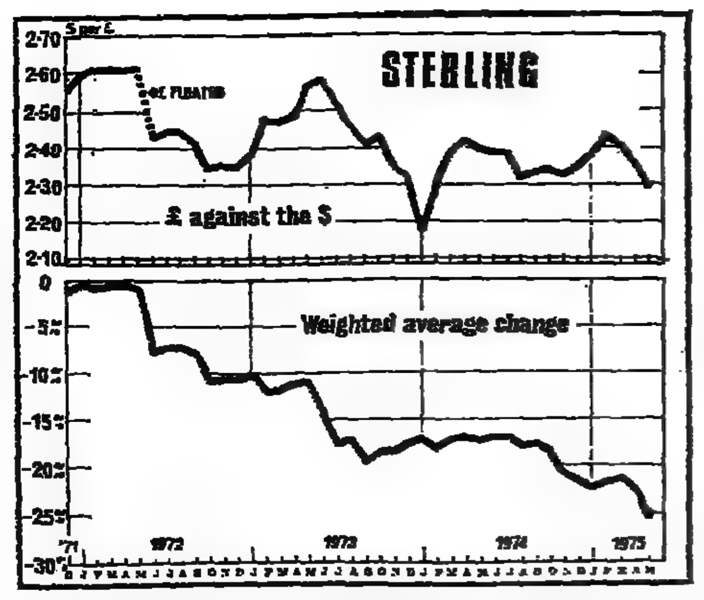
Bogus cures for the slide in sterling

BY SAMUEL BRITTAN

THE RECENT slide in the sterling exchange rate has been rightly viewed with concern. But it is important that its significance should be correctly understood. The movement of sterling is a measure of Britain's economic problems, not the cause.

Critics of Government policy in next Thursday's Commons debate will have every justification for pointing to the thermometer reading. It would be extremely unfortunate if they either refrained from discussing the state of sterling in the mistaken belief that it was unpatriotic to do so, or if their strictures took the form of demanding official action to "protect" the exchange rate.

This would be as rational as reacting to the increasing heat or cold of a room by inserting an air bubble into the thermometer to prevent the temperature from showing. The rapid rate of inflation has been responsible for the fall in sterling: and any attempt to peg sterling in the foreign exchange market by artificial means would not make inflation go away, but create fresh problems of its own.



Indicators

All the available indicators show that the depreciation of sterling has, so far at least, compensated for the rise in British costs relative to competitor countries. A study undertaken by ITI Research for the Betro Trust* showed that half the companies interviewed found exporting more profitable than home sales—in contrast to the former deep-ingrained belief that profits were to be found mainly at home.

Why then have we been in a situation where, in the words of Mr. Denis Healey, £5 in every £100 we spend has been financed by overseas borrowing? Why is it that the U.K. is still expected by OECD to have a current deficit of $7bn. (£3bn.) in 1975, much larger than that of any other member nation?

The basic reason is excessive consumption of goods at home, which both interfered with the export effort and sucked in imports. The main limitation on exports that emerged from the Betro inquiry was supply difficulties. Even in the last quarter of 1974—when the Chancellor had already twice boosted demand in the mistaken belief that it was inadequate—companies complained of capacity limitations, supply bottlenecks and labour shortages (including semi-skilled and unskilled workers). Instances were quoted of 300 per cent. higher prices being paid for imported components to speed up deliveries.

No doubt better management organisation, wiser past investment, fewer industrial troubles, a better matching of unemployed workers with vacancies, and all the other much canvassed reforms would have enabled British industry to produce more for both home and overseas markets. But given the characteristics of the British economy as it is rather than it ought to be, there was probably "overheating" in key sectors even with nearly 700,000 registered unemployed shown towards the end of 1974; and home demand was too high.

Another factor is worth mentioning. This is that the secrecy and mystery-mongering surrounding exchange rate policy may well have reduced the benefits from exchange depreciation. A financial journalist who knew where to inquire, and how to do so discreetly, could have discovered at any time in the past three years that it was official policy to allow the rate to move to keep British costs in line with competitors'. But the fact was by no means obvious to harassed businessmen worried by inflation, who read frequent statements by Front Benchers of both parties deploring the sterling slide, and—especially in the early stages—assurances that the float was temporary. This was hardly a basis on which to invest money and men in export promotion or import substitution.

The importance of greater frankness has been highlighted by the increased pessimism about exports shown in the May CBI survey. The deterioration in "political and economic conditions abroad" may largely reflect world recession; but the increased fear of not being able to price competitively reflects inflation fears. There is a widespread belief among international economic organisations that the British rate of inflation is running in 1975 at twice the international average. The 21.7 per cent. rise over a year ago shown by the April retail price index will do nothing to weaken the belief, that U.K. inflation is at least 10 per cent. faster than among our main competitors. This would suggest as a rough first shot that sterling would have to decline by about 10 per cent. over the course of 1975. We have already had 3 per cent. of this deterioration since the Budget: but it is quite impossible to predict the timing of any further decline or its exact extent.

Fallacy

The ideal would be to curb the inflation, and with it the depreciation of sterling. But if the first cannot be done, holding up the rate would lead only to unnecessarily high unemployment, as British goods become uncompetitive, and to the accumulation of even more overseas debts.

The fallacy of the argument that a depreciation of sterling necessarily causes inflation is shown in the accompanying table. If wages and other domestic incomes double, and there is no increase in productivity, and no inflation in other countries, then to maintain our competitive position the external value of the pound must fall and imports must also double in price.

It should be noted that in this illustration, the question of the responsiveness of exports or imports to changes in prices or profit margins does not even arise. The halving of the external value of the pound is required to maintain the original ratio of import to domestic prices at home and of British to foreign prices abroad. It is also required to maintain the comparative attraction of capital and monetary assets inside and outside the U.K.

The centre column of the table shows that if by some miracle it were possible for a time to freeze the exchange rate when domestic costs doubled, then prices would go up by only 75 per cent. as we would be paying overseas suppliers unchanged prices in depreciated currency, and incomes would rise 25 per cent. higher than prices at the expense of the foreigner. As soon as this untenable situation came to an end, the price level would shoot up from 75 per cent. to 100 per cent. above that prevailing in the base year. It would look as if it was due to devaluation: while in reality the devaluation would be a belated adjustment to the change in home costs.

It is only fair to say that the Cambridge Economic Policy Review, accepts unreservedly that sterling must depreciate in line with comparative international cost movements, and does not argue for import controls as a way of coping with the international consequences of Britain's inflation rate.

Import control

The more sophisticated arguments for import controls relate to a different type of problem. Let us suppose that the import bill in column I—of the table rises from 25 to 35, for reasons which have nothing to do with domestic costs—say, because of a combination of the oil price explosion and an increasing British appetite for imports. Then even if there is no domestic inflation, the pound would still have to depreciate to generate an extra 10 units of exports or price-induced switches from imports to home products; and home demand and living standards would have to be cut back to release the extra resources.

There are two standard objections raised against using the exchange rate mechanism here. The first is the belief that exports and imports are not sufficiently responsive to price and profit differentials (which matter here as they did not in the original example), and that an enormous depreciation would be required to improve the trade balance. This view, known in the jargon as "elasticity pessimism," has been exploded in countless international case studies, which have shown that exports and imports are highly responsive to exchange rate changes provided that home demand is held back sufficiently.

The second objection relates to wages and prices. The increase in import prices shown in the table is a pure reflection of the rise in domestic costs and does nothing to aggravate inflation. But a depreciation to meet an independently generated increase in the import bill will cause import prices to rise, even if home costs do not initially change. If trade unions find this increase in prices "unacceptable," they may gain higher money wages, leading to further depreciation in a vicious spiral.

The problem is a real one, arising from the resistance of trade unionists to the fall in living standards made necessary by the postulated 10-point increase in the import bill. But import controls do not remove the problem. The switch of resources to exports or import saving is in any case necessary, and would provoke resistance whatever the mechanism.

Disguised

Quotas would be simply a way of suppressing some price increases by shortages and rationing (involving windfall profits for the quota owners), as would become obvious if a market were established in them. It is difficult to believe that trade unionists would be fooled by such disguised methods of reducing their spending power simply because they were not reflected in the official price index.

Of course, if funds were to be withdrawn from London on any scale, or trading "leads and lags" were to develop against sterling, the exchange rate could depreciate unduly fast for confidence reasons. The one technical way to deter such an outflow is to make sure that interest rates in London are above those abroad by a margin equivalent to the expected underlying depreciation of sterling. The Minimum Lending Rate of 10 per cent. is equivalent to a negative real interest rate of minus 12 per cent., and of minus 17 per cent. to a corporate taxpayer. Negative real interest rates are inevitable, and even desirable, in a recession; but they cannot for long be more heavily negative in London than in other financial centres.

Of all the many canvassed economic measures, a steep rise in the MLR is the one likely to happen soonest. The main point of this article, however, has not been to crystal-gaze or to advocate policies, but to explain that a rapidly falling exchange rate is worrying because it is a sign of rapid inflation, and not the other way round.

*Concentration on Key Markets, published by the Royal Society of Arts, John Adam Street, London, WC2N 6EZ; £10.

DEVALUATION AND INFLATION

Index Nos.

	Starting Year	After 100 per cent increase in home costs, before devaluation	After 100 per cent increase in home costs and corresponding devaluation
Wages and salaries	50	100	100
Other costs	25	50	50
Imports	25	25	50
Total costs	100	175	200
Increase in incomes		+100 per cent	+100 per cent
Increase in prices		+75 per cent	+100 per cent

Letters to the Editor

Half slave at half speed

From Mr. Owen Aisher.

Sir,—Mr. Gordon Tether—"Behind the Benn Demonology" on May 15—complains that City financial organisations have not done their best for the British capital market.

President Lincoln referred to the fact that a nation could not be half slave and half free. Britain in a capital sense has been half slave and therefore at half speed for many years, almost completely because the Benns of the past have taken away from private capital its ability to save enough and also to reserve and keep enough to renew its capital and therefore it is unable to create further capital or capital advantages. The opportunity to do just that has been slowly and inevitably taken away from private persons and passed on more and more to government agencies who can do little or nothing with it by way of improving the capital structure of this country. In fact the reason of politicians has been shown to be to take money from the industrious through various government agencies and pass it on to those who are unable to make it grow—and are even likely to lose it.

Pension funds as such were not meant to be used as risk capital and at risk they would obviously be if they were used to support failing industries and failed industrialists and the even more appalling, failing, government-run industries.

No, Mr. Tether. Go back to fundamentals; be all free or all slaves. What are you really for? I suggest that you propose that capitalism be given the chance it needs and there would then be no need for Bennery.

Let us therefore make private capital really possible and profitable with a sense of very real responsibility. In other words, take away from government any idea that they can use capital better than capitalists have in the past and that they are the only people with a sense of responsibility.

The evidence is that government has a very private and particular political view as to responsibility and a very poor record of creating more wealth in any nation. As an example, look at the growth in the standard of living over the last 50 years of Western Europe as compared with Eastern Europe.

O. A. Aisher.
Faygate,
South Godstone, Surrey.

Mobilising finance

From Mr. Ian Chalmers.

Sir,—In recent months it seems to me that the balance of journalistic licence between reason and passion has weighed too heavily in favour of the latter in the Lombard column.

Mr. C. Gordon Tether (May 15) seems to think that some of Mr. Wedgwood Benn's proposals will breathe "new financial life into British industry." I see Mr. Benn as wasting scarce resources of skilled labour, machinery and money by subsidising failing industries. Perhaps Mr. Benn would be in favour of reducing unemployment by subsidising the production of tramcars and bows and arrows?

At last your newspaper is correct in saying that "the existing methods of ensuring that the promotion of industrial development in Britain is adequately catered for in the financial sense have proved to be grossly inadequate." By paying high competing wages and restricting prices recent Governments have ensured that real corporate returns on assets before tax have fallen. By increasing taxation they have ensured that profits after tax available for dividend payment or reinvestment have fallen still further. And by restricting dividend payments they have ensured that dividend yields and share prices remain lower than they otherwise would.

Of course the City is far too internationally-oriented for the good of Mr. Benn and his collectivists, and just as well too. Not only is this bias good for the exports and overseas investments of the corporate sector, but the United Kingdom is the world's second largest exporter of invisibles, which regularly provide a massive surplus of foreign currency.

"Nothing is more likely to jeopardise the security of insurance and pension fund money than continuing to deprive British industry of an adequate supply of development finance." How can the Financial Times print such rubbish, when rights issues in the last few months have brought in well over £500m.?

My last point is that the existing machinery has always been able to mobilise essential finance for genuine growth industries. What the City is not willing to do is to support failing industries. Whatever the intended functions of the National Enterprise Board may be, it is a certainty where its money will be going if Mr. Anthony Wedgwood Benn has any say.

I. D. M. Chalmers.
Parklands, Galleywood Road,
Great Baddow, Essex.

Industrial democracy

From the director, Industrial Participation Association.

Sir,—There is constant reference to "industrial democracy," both by members of Government and in pending legislation such as the Industry Bill, but no clear indication of what the Government, as distinct from the TUC, means by it. What does the Government really intend? How will its eventual plans work in any given situation?

Some indication may perhaps now be gleaned from the Discussion Paper on Industrial Democracy and Worker Participation in Harland and Wolff, published by the Department of Manpower Services, Belfast. Although clearly prepared specifically for this one company—in which Government combines with the role of shareholder—it presumably is not inconsistent with Government thinking in wider terms.

Many of the questions it poses are local to the Harland and Wolff situation, but when these are generalised, the discussion is capable of, and merits, translation into a wider industrial context. We could in effect have here the nearest thing so far to a Government "Green Paper" on industrial democracy. And in all but one section, there is little or nothing to which management in any progressive company would take exception.

There is strong emphasis on grass roots participation. It stresses that participation aims at positive partnership between management and workforce; and that it must be designed so as to strengthen the company in fulfilling its corporate objectives. It calls for good communications both to strengthen mutual understanding and as necessary for effective performance. It says clearly that there is no blueprint for participation, there must be flexibility, with solutions worked out jointly according to the particular circumstances of the company. And that for worker participation to be successful, changes of attitude will be needed on both sides.

Even the section on worker participation at Board level would be accepted by many managers—it warns that representation on the Board would not be all sweetness and light; and it emphasises that worker directors must accept the same legal responsibilities as other directors, and must act in the interests of the enterprise as a whole.

A sticking point for some will be that all employee representation should be through union channels only—but it does recognise that there are different groups of employees to be represented.

Taken as a whole, this paper in effect brings "industrial democracy" down to earth. And it indicates how all that is reasonably necessary to attain it—including, if they are wanted, worker directors and even supervisory Boards—can be achieved, by goodwill, without any new legislation at all. Admitted that legislation may be needed to round up the laggards—but as this paper clearly shows, it need not be imposed as a straitjacket on companies that are ready to move towards effective employee participation without being coerced.

If this could now become the basis for further discussion, between Government, industry, and the unions, we might at last get somewhere.

D. Wallace Bell.
25-28, Buckingham Gate, S.W.1.

Safety at work

From the Assistant General Secretary, Association of Scientific, Technical and Managerial Staffs.

Sir,—I want to express sharp criticism of the report of the inquiry into the Flixborough disaster. To say that the management were only partly responsible for the installation of a temporary by-pass pipe, which in the words of the report undermined "the integrity of a well-designed and constructed plant" is to undervalue the lessons which ought to have been learned by the Court of Inquiry.

The plain truth is that in an attempt to maintain output in a period of increasing commercial pressure, risks were taken which ought not to have been taken. There was no proper design of the by-pass: the appropriate British standards were not consulted: the staff employed on the task were not appropriately qualified and indeed there was no one immediately available with the appropriate qualifications; the materials used were those that were available rather than those which may have been more appropriate; the multi-purpose scaffolding used to support the by-pass was subjected to no proper design checks. To make matters worse, the testing techniques applied were inappropriate, inadequate and downright dangerous. Indeed, the whole question of inspection techniques before the disaster are cause for serious concern.

The report is then emasculated by its lack of power to recommend and much of the value of the report is contained in paragraph 218 which briefly records one or two suggestions made to the committee which should be incorporated into the planning, designing and construction of such plants, namely the siting of offices, laboratories and the like, well removed from hazardous plants; the construction of control rooms on blockhouse principles with outside air, electricity and access, with heavy equipment confined to the ground floor; the surrounding of hazardous plant with blast walls, etc. One could add that more sophisticated inspection techniques, some of them remotely operated like closed-circuit television, should be employed.

The control room which was the rallying point in the event of a disaster was totally destroyed and the new disaster plan would have made the rallying point the office complex which was also totally destroyed.

Finally, the report rightly calls for the close involvement of the trade unions concerned. One of the ironies of the first 36 hours after the disaster was that the management records and structures had totally disappeared and only the trade union representatives were able to provide much needed information, and generally to cope with the situation. Despite this, the immediate investigations, that is, police, company and local authority, made no reference to the trade union representatives for the first five days.

Consultation was inadequate. The workpeople must have their own safety representatives, reporting to a joint safety committee which must have the power of veto, which goes beyond the provisions of the Health and Safety at Work Act.

When the plant is rebuilt on this site, as it must be, it must incorporate the latest hardware: inspection and safety techniques; and it must involve the workpeople and their trade unions from day one.

Stan Davison.
10-26a, Jamestown Road, N.W.1.

The tanker market

From the Managing Director, H. P. Drewry (Shipping Consultants).

Sir,—Mr. Jurgen Jahre, in his speech (reported May 14) highlighted the serious problems facing the tanker industry and, through his various suggestions on the possible ways of absorbing and/or eliminating the present tanker surplus, made a valuable contribution to the efforts to solve these problems.

It is possible, however, that Mr. Jahre may have done a disservice to his own cause, and that of the tanker industry in general, by in fact under-estimating the seriousness of the problem. Whereas Mr. Jahre says that there is now an effective surplus of 40m. tons of tankers, of which 25m. dwt is laid-up, recent estimates made by our company indicate that the present surplus is as much as 100m. dwt, of which 28m. dwt is laid-up. It is impossible to be precise about the extent of the tanker surplus, but if our figures are closer to the truth than those of Mr. Jahre, it makes the plight of the tanker industry even more serious and the need for some corrective action even more urgent.

An endless severely depressed tanker market will ultimately benefit no one in the tanker industry. Therefore it is essential that all those involved in the industry should make every effort to produce ideas for generating a healthier tanker market and that they should, as soon as possible, reach uniform agreement on these matters.

T. H. Wakefield.
Palladium House,
1-4, Argyll Street, W.1.

To-day's Events

GENERAL

British Steel Corporation and TUC Steel Committee continue talks on the industry's labour problems.

Mr. Harold Wilson, Prime Minister, opens National Museum of Labour History, Limehouse Town Hall, London.

Foreign Ministers of Turkey and Greece conclude three-day talks in Rome.

PARLIAMENTARY BUSINESS

House of Commons: Private Members' Bills: Prevention of Terrorism (Temporary Provisions) Act 1974 (Continuance) Order 1975; Lord Amendments to Air Travel Reserve Fund Bill.

House of Lords: Air Travel Reserve Fund Bill, report and third reading; Fair Employment (Northern Ireland) Bill, second reading; Litigants in person (Costs and Expenses) Bill, second reading; Coal Industry Bill, committee; Wild Creatures and Wild Plants Protection Bill, second reading; Debate on the Promotion of International Agreements on the Conservation of Fish Stocks.

COMPANY RESULTS

Berry Wiggins (full year)
Bunzl Pulp and Paper (full year)
French Kier Holdings (full year)
Tricentrol (full year)
Australia and New Zealand Banking Group (half year)

COMPANY MEETINGS

See Week's Financial Diary on Page 4.

OFFICIAL STATISTICS

Basic rates of wages and normal weekly hours (end-April).
Monthly index of average earnings (March).
Provisional retail trade figures (April).
Turnover of motor trades (first quarter).
Turnover of catering trades (March).

OPERA

King Priam by Sir Michael Tippett performed by the Royal Opera, Royal Opera House, Covent Garden, London, 7.30 p.m.

CONCERTS

Insurance Orchestra. Conductors: Maurice Miles, Eric Hodson, with Jack Brymer (clarinet), perform works by Sullivan, Teed, Mozart and Tchaikovsky, Royal Festival Hall, London, 7.30 p.m.

Martin Best Consort plays music by Purcell, Dibdin, Bellman, Brecht, and Theodorakis, Queen Elizabeth Hall, London, 7.45 p.m.

COMPANY NEWS + COMMENT

Clarke Chapman's growth expectations

DESPITE THE present unfavourable economic and industrial conditions, Mr. J. B. Woodeson, chairman of Clarke Chapman, mechanical and electrical engineers, believes the company will improve on its performance in 1975, given a "reasonable industrial relations climate" in the company and in the U.K.

As reported on May 1 group pre-tax profit, including a full year's contribution from the ICL Group, increased from £4.34m. to £6.74m. in 1974 and the dividend is 4.0728p (3.7534p) net per share. Despite difficulties at home and overseas, the order intake was satisfactory in most product groups, the primary exception being those directly associated with the construction industry, the chairman reports.

Referring to the Government's choice of the steam generating heavy water reactor as the thermal system for the next British programme — which resolved uncertainty in that area—he stresses that the group is "well placed to play a proper part in the initial 4,000 MW programme and subsequently."

Commenting on the uncertainty prevailing as to the current level of industrial demand, he points out that both the two studies put in hand by HMG, one under Treasury auspices, the other by the NEDO, are studying ways in which greater stability might be achieved in the investment programmes of the six major nationalised industries which, in 1973, accounted for some 30 per cent. of all U.K. purchases of plant and machinery.

As Clarke Chapman's U.K. divisions between them trade with all six, the outcome of the studies could affect the company materially, and the chairman hopes that instead of the stop-go ordering pattern experienced for so long, greater stability in investment will be achieved, with an ordering plan fixed for several years ahead.

Chairman's statement, Page 24

● comment

Clarke Chapman has declined nearly a tenth since its 1974 results were published earlier this month. However, the year's accounts could cushion this process. For apart from underlining CC's basic balance sheet strengths they also hint at profits growth for 1975. Thereafter, of course, the orders outlook is fairly bleak, at home at least—but CC had roughly a third of its turnover arising outside the U.K. last year. Meantime, a yield of 9.2 per cent. is covered nearly three times, and it tops the heavy engineering average by two points.

Harcros revenue up

Pre-tax revenue of Harcros Investment Trust increased from £414,314 to £446,710 in the year to March 31, 1975.

Earnings are shown to be up from 1.51p to 1.56p per 10p share and the dividend is lifted from 1.3185p to 1.4p net with a final of 1.12p.

Investments are valued at £7.69m. (£8.45m.) and net current assets are given as £262,944 (£186,837). Net asset value per share is 41¾p (45½p).

Harrisons and Crosfield has a near 20 per cent. stake in the company.

	1974/5 £	1973/4 £
Revenue*	446,710	414,314
Taxation	150,340	127,001
Net revenue	296,370	287,313
Interim dividend	51,240	52,240
Proposed final	212,960	197,463
To general reserve	30,170	38,610

* No dividend received from subsidiary company whose profit before tax not consolidated amounted to £6,879 (£5,566).

INDEX TO COMPANY HIGHLIGHTS

James Neill poised for growth

ALTHOUGH BANK borrowings of toolmakers and engineers, James Neill Holdings, have increased and an increase in the authorised capital is sought, the chairman, Mr. J. H. Neill, assures members that there are no plans to make a rights issue. Currently the possibility of obtaining a medium-term loan is being explored.

As to the future, he emphasises that the company is better equipped than most "to ride out the storm and to take advantage of the opportunities which present themselves when we find ourselves in calmer waters."

As reported on May 1 group pre-tax profit increased from £1.59m. to £3.62m. last year and the dividend is 3.9955p net (3.675p) per share.

In spite of the increase in profit Mr. Neill says the objective was not wholly achieved, because the company failed to generate the cash flow needed to finance continuance of the business at the present level. Bank borrowings increased by £2.17m. despite the receipt of £0.64m. on the sale of the holding in Sheffield Rolling Mills.

The directors are "firmly in favour" of Britain remaining in the Common Market.

Meeting, Sheffield, June 5, noon.

Gieves to reduce overdrafts

CHAIRMAN Mr. M. E. A. Keeling tells members that Gieves Group would need "unexpected good fortune" to achieve results in the current year comparable with the record profits earned in 1974-1975.

Apart from the general atmosphere of economic crisis and the fact that some of the industries in which the group operates are in recession, there are two areas where special adverse factors will operate this year. The Gieves division is likely to encounter some exceptional expenditure this year in achieving the reduction in working capital employed and Redwood Burn will inevitably incur initial trading losses in the Web operation as the new machine is worked up towards profitability, he explains.

At February 1, 1975, the book value of the net assets attributable to each Ordinary share amount to 99p compared with 70p a year earlier. If property surplus of £600,000 is taken into account, the net asset value becomes £1 17p per share.

The net overdraft stood at £2,065,583 compared with £785,929.

The Board regards it is undesirable to continue relying on the present level of short-term borrowing and has taken the following steps to reduce overdrafts:—The leasehold interest in Poland Street Garage has been sold for £1.1m. subject to sale costs and tax; the leasehold interest in 27, Old Bond Street has been put up for sale; the Mamos trading operation at Harrow has been closed and freehold property put up for sale.

W. Bromwich Spring profits jump £170,000

On a turnover ahead from £1.49m. to £2.05m., profits of the West Bromwich Spring Company more than doubled from £173,000 to £353,000 in 1974.

While the figures are affected by inflation the considerable investments in modern plant during 1973 and early 1974 are significant in the increased profits, the directors state.

The current order load is satisfactory in certain sections of the factory, new work is not coming through at sufficient rate to maintain productive capacity.

Confidence at EIS—exports up

With a strong liquid position, a strong and potentially profitable order book, and given increased productivity, Electrical and Industrial Securities faces 1975 with "confidence," reports chairman Sir Hugh Weeks in his annual statement.

Orders in hand total £10m., compared with £6m. a year ago, and he hopes that if there is no abnormal interruption, turnover in the current year should reach £9m. (against £7.13m.).

Sir Hugh tells members that one benefit from the successful diversification into the supply of equipment to the oil industry has been the growth of the direct export trade, which increased from £716,000 to £1.84m. Total export sales, including indirect exports, increased from £1.7m. to £2.7m.

"We shall continue the steady process of such re-equipment of our factories as seems to be financially justified in the light of our estimates of future demand for our products, but our first aim will continue to be to maximise the output and productivity of our existing capacity," he says.

"We are fortunate that despite these claims on our cash, we shall be able to maintain liquidity at a good level in 1975; a level which will be the envy of many firms in industry."

As reported on April 5, pre-tax profit increased from £560,232 to £787,164 and the net dividend total is up from 1.342p to 1.967p.

Meeting, Brewers' Hall, Aldermanbury Square, E.C., June 10 at noon.

Manchester Liners

The chairman of Manchester Liners told the annual meeting that the company had "continued to be on target to the end of March" but in April had been affected by a strike of longshoremen in Montreal, who have only returned to work in the last few days following Government legislation.

Only half the group's fleet is now engaged in the Canadian trade and "outside activities" are continually growing.

Bowring sees big upturn

DESPITE A very considerable increase faced in overheads, group results of C. T. Bowring and Co. should show a "material improvement" in 1975, following the sharp drop—from £14.4m. to £9.2m.—in last year's profit.

This is forecast by the chairman Mr. E. R. H. Bowring who points out that the result for 1974 was struck after exceptionally large provisions for doubtful debts and for falls in the value of investments and properties.

He feels that the results show the sound base from which the group should, given reasonable conditions, be able to continue its progress.

Referring to the insurance broking side in their review of activities—1974 profits of this division were higher at £7.52m. (£6.35m.)—the directors state that insurance premiums in the markets in which C. T. Bowring and Co. (Insurance) operates are showing signs of firmness in some areas, and this combined with an increasing flow of new business, they feel, augurs well for a further profit rise this year.

At C. T. Bowring (U.K.) the life and pension companies are now so structured that they can be expanded to take full advantage of new business opportunities when they arise. In addition higher earnings of the general broking companies has enabled technical services to be improved, and this will help to ensure continuing growth of profitability.

On the merchant banking side—where a profit fall from £1.12m. to £534,000 occurred last year—the directors are expecting an improvement in view of the "satisfactory trading performance" in the adverse conditions of 1974 and the likelihood that provisions will not have to be repeated on the same scale.

As regards Bowmaker, the credit finance and leasing offshoot—where there was a turnround from a profit of £4.63m. to a loss of £601,000 last year—they feel that continuing recovery this year may be reasonably expected, although its extent will much depend upon general economic factors in the U.K.

Referring to the property group—1974 loss £653,000 (£244,000 profit)—the directors report that the policy of not making further site purchases has been continued and development of existing sites has gone forward only where end profitability looks reasonably certain.

Under the heading of contingent liabilities the group has given guarantees to third parties in respect of loans, deposits and acceptances of subsidiaries amounting to £102m. (£4m.).

At December 31 last the market value of group interests in land and buildings was considered to be over £10m., before tax, above the book figure.

● comment

The points of interest in the C. T. Bowring report are the details of the group's loss-makers in 1974, and possible clues to the extent of the "material" improvement in profits already forecast for 1975. But the report is a good deal stronger on past performance than on future indicators. Still, the profitability looks "reasonably certain" in the property division against a £653,000 loss last year; the cutback in Bowmaker's finance house overheads should ensure continued recovery; and Singer and Friedlander looks set to have a better year. The fly in the ointment this year could be Bowring Steamship following the drop in freight rates—and there is also a warning about the marine and aviation prospects for English and American Insurance. The shares have not moved significantly since the announcement of the 1974 results, and yield 5.8 per cent. at 56p.

Inter-City to recover

Barring no further adverse changes in the economic climate, a "good recovery" in the profit of Inter-City Investment Group for 1975, and the resumption of an interim dividend, are anticipated by the chairman, Mr. J. Harris.

As reported on May 2, group pre-tax profit for 1974 contracted from £472,511 to £165,716 and the dividend—final only—is 0.4p net (total 1.258125p) per share. The second half anticipated recovery did not materialise—the last quarter proved more difficult than the previous nine months.

But as a result of changes in trading policy, first quarter current year margins "recovered substantially," says Mr. Harris.

Chairman's statement, Page 24

Good result from Time Assurance

Time Assurance Society, one of the few active friendly societies in the U.K., reports a valuation surplus of £2.2m. for the three years ending December 31, 1974, compared with £0.6m. at the previous triennium. This has enabled record levels of reversionary bonus on all in classes of with-profit business.

The rate for endowment assurances is now £3.50 per cent. per annum of the sum assured (£3.00 per cent. previously) and for whole life contracts £4.00 per cent. (£3.50). But the largest increase has been made to the popular Family Savings Bonds, where for entry ages under 45, the bonus rate has been lifted by £1.50 to £3.50 per cent. per annum.

The life funds of the Society have increased by £2.9m. over the year to stand at £10.7m. on December 31, 1974. Premium income rose by £0.4m. to £2.9m. and investment income was £0.3m. higher at £0.9m. The chairman, Mr. G. Parfitt reports that despite the historically high rate of inflation, the management expense ratio for the year had been reduced from 13.94 per cent. to 12.09 per cent.

He also says that the policy of only investing in fixed interest securities had been confirmed by the results. The fund's primary aim was high income to match the long-term liabilities, and this was more appropriately provided by income fixed income assets.

RICHARDS AND WALLINGTON

The comment on Richards and Wallington in last Wednesday's issue incorrectly compared net borrowings of £12.2m. with tangible shareholders funds of £1.9m. at December 31, 1974. The latter figure should have read £7.9m.

BIDS AND DEALS

Expansion costs hit TPG

A proposal by Thomas Poole and Gladstone China to sell a number of investments to Newman Industries for £325,000 has been announced, at the same time TPG reported results for the 21 months to December 31, 1974, showing a £101,485 net deficit compared with a profit of £83,902 in the previous 12-month period.

The TPG directors say the results reflect the decision to extend interests in British industry, and complete the first phase of development as an industrial holding company. The deficit includes expenses incurred in creating a portfolio, and costs, other than actual net cost of shares and/or stock, have been written off to the profit and loss account.

The group's loss was £288,321 (£102,106 profit). The net deficit is shown after crediting a substantially higher share of associates profits of £483,395 (£36,679), charging tax, including share of associates, of £203,884 (£54,883) and providing for extraordinary charges of £92,675 (nil). Turnover amounted to £1,154,322 (£613,537).

Newman, in which TPG owns a 25.6 per cent. stake, is to buy from TPG, a 34 per cent. stake in Alfred Clough; 29 per cent. of Metropole Industries; 23 per cent. of Agar Cross and Company; and 20 per cent. of Dover Engineering Group. Newman will develop its engineering marketing policy, while TPG will concentrate on assisting Newman.

It was also stated that TPG would be in a position late in 1975 to "move towards an industrial - co-operative equity structure in which shareholders and employees of all the associated companies will be offered a unique equity participation."

STIGWOOD—WARNER MEETING

Robert Stigwood Group has appointed Singer and Friedlander to advise shareholders on the already announced approach from Warner Communications.

Mr. R. C. Stigwood and Mr. D. L. Shaw, in their capacity as shareholders, have indicated that they welcomed the approach in principle and they are making arrangements for Warner to meet shortly with representatives of Stigwood and Polygram (a company jointly owned by Philips and Siemens) and a major shareholder of Stigwood, to discuss points raised by Warner in their approach.

MYH replies to Croda criticism

Answering criticism by Croda International of Midland-Yorkshire Holdings' profit record—in which Croda said MYH had only recently recovered to a position of five years ago and that the quality of profits should be examined since over one-quarter derived from joint ventures—Dr. Eric Wallsgrove, MYH chairman, says that past downturns were due to factors outside Board control, because of reduced crude tar supplies, whereas now MYH growth in its new role as a predominantly chemical company "is outstanding."

Dr. Wallsgrove also says Croda has failed to understand the nature of joint venture companies, two of which operate from MYH's site at Four Ashes with executives nominated by MYH involved in policy and management of all three.

Croda maintained that MYH's optimistic forecast for 1975-76 was in contrast to the chairman of nearly all major chemical companies, and suggested that MYH shareholders should be "mindful" that the MYH record of forecasting "is not good."

Replying to this, Dr. Wallsgrove says that some 50 per cent. of sales of MYH's chemical manufacturing subsidiary are outside the U.K., which is a factor in explaining why it can continue to increase profits "where Croda cannot." He adds that Croda's report and accounts show that 84 per cent. of its sales were in the U.K.

Meanwhile, the employee's representative committee at MYH is planning a trip to London to-day for a meeting with MPs in an effort to gain Governmental support for its fight against the bid.

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Pending dividends

For the convenience of readers, the dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements, except where the forthcoming Board meetings (indicated thus*) have been officially published. It should be emphasised that the dividends to be declared will not necessarily be at the amounts or rates per cent. shown in the column headed "Announcement last year." Preliminary profit figures usually accompany final dividend announcements.

Company	Date	Announcement last year	Company	Date	Announcement last year
[illegible]			[illegible]		

* Board meetings intimated. † Rights issue since made. ‡ Tax free. § Scrip issue since made from reserves.

Local Authority Investments

LOCAL AUTHORITY loan rates strengthened in the temporary and mortgage fields last week, with short-term interest rates in the London money market in general trending upwards.

Deposits with local authorities at 2 days' notice ended at 9½-9¾ per cent., against the previous 7¾-8½ per cent., one-month deposits rose to 9¾-10 per cent., from 8½-9 per cent. and three-month to 10¼-10½ per cent., from 9½-10 per cent.; ... ceased to 12½-13 per cent. from 12¼ per cent. The Financial Times Government Securities Index rose a shade on balance, to 57.50, from 57.46, though falling on the Monday to 56.52.

One-year local authority bond yields were again placed during the week at an increased yield. Issues being made at par with a coupon of 12½ per cent. to give a return ½ per cent. higher than that on the previous week's batch.

*Rate (%) May 16, 1975

2 days' notice (deposit receipt)	9½-9⅝
7 days' notice (deposit receipt)	9½-9¾
7 days' notice after three months (deposit receipt)	10-10¼
7 days' notice after six months (deposit receipt)	10¼-10½
Mortgage at one month's notice after 11 months	11
Mortgage at one month's lender notice after 11 months nominal term 2-5 years	
2 years' mortgage	12¼-12¾
3 years' mortgage	13-13¼
4 years' mortgage	14-14¼
5 years' mortgage	14¼
6-10 years' mortgage	14½
11-30 years' mortgage	—

* Rates are for sums not less than £20,000 and are subject to local variations and fluctuations. † Nominal. ‡ Shorter periods may attract higher rates than longer. n.a. Not available.

Public Works Loan Board rates

(Effective from May 10, 1975)

Years	Quota loans Repaid By instalments	Quota loans Repaid At maturity	Non-quota loans Repaid By instalments	Non-quota loans Repaid At maturity
Up to 5	11¾	11¾	12½	12½
Over 5, up to 10	12¼	12¾	13¼	14
Over 10, up to 15	12¾	14¼	13½	15¼
Over 15, up to 25	14¼	15¼	14¾	15¾
Over 25	14¾	15¼	15¼	15¾

RECENT ISSUES

EQUITIES

Issue Price	Amount Paid Up	Latest Renunc. Date	1975 High	1975 Low	Stock	Closing Price	+ or −	Div. Amount	Times Covered	Gross Yield	P/E Ratio
[illegible]											

FIXED INTEREST STOCKS

Issue Price £	Amount Paid Up	Latest Renunc. Date	1975 High	1975 Low	Stock	Closing Price £	+ or −
[illegible]							

"RIGHTS" OFFERS

Issue Price	Amount Paid Up	Latest Renunc. Date	1975 High	1975 Low	Stock	Closing Price p	+ or −
[illegible]							

Renunciation date usually last day for dealing free of stamp duty. a Placing price to public. b Figures based on prospectus estimate. d Dividend rate paid or payable on part capital; cover based on dividend on full capital. g Assumed dividend and yield. h Forecast dividend; cover based on previous year's earnings. F Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividends. § Issued by tender. ‖ Offered to holders of Ordinary shares as a "rights." ¶ Issued by way of capitalisation. †† Tender allotment price. ‡‡ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. □ Issued to former Preference holders. ■ Allotment letters (or fully-paid). • Provisional or partly-paid allotment letters. ★ With warrants.

INTERNATIONAL COMPANY NEWS

Squeeze on margins at Heineken

FINANCIAL TIMES REPORTER — AMSTERDAM, May 18.

HEINEKEN DISCLOSES a drop in net profit to Fls.20.2m. (Fls.30.3m.) for its first half ending on March 31. Earnings per share were *Fls.2.83 (4.26)* and sales Fls.781.2m. (720.3m.).

The company said it expects the percentage drop in 1974-75 results compared with 1973-74 will not be larger than the first half decline.

First half figures exclude results of two minority participations in Zaire, which were nationalised. This is in contrast with first half 1973-74 figures. It made a 1973-74 net profit of Fls.81.1m. *on sales of Fls.1.58bn.*

Sales in the first half fell behind expectations owing to the general economic decline. Pressure on gross-profit margins increased further as increases in costs and interest charges could not fully be compensated by higher prices, it added.
Reuter

Boehringer profit down

BY GUY HAWTIN — FRANKFURT, May 18.

C. H. BOEHRINGER, the Ingleheim-based pharamaceutical group, to-day reported a 17 per cent. increase in turnover during the 1974 business year. World sales rose by DM253m. from 1973's DM1.49bn. to DM1.74bn.

But despite this rise, net profits were down by 7 per cent. from DM42m. the previous year to DM39m., while pre-tax profits fell from DM184m. to *DM145m.* No announcement about dividend was *made.*

According to the concern's report, the main impetus for the turnover growth came from abroad. *Some 36 per cent. of* group turnover was generated in the German market compared with 38 per cent. the previous year. Overseas business as a proportion of total turnover, however, went up from 1973's 62 per cent. to 64 per cent.

The lion's share of turnover was generated in the pharmaceuticals sector, although it was stated that there was also useful growth in the group's chemical operations.

Pharamaceutical turnover rose by 15 per cent. from DM1.17bn. in 1973 to last year's total of DM1.35bn. Pharamaceuticals accounted for some 77 per cent. of total group turnover compared with 78 per cent. the year before. *Growth was faster in the group's* other operations where turnover rose from 1973's DM321m. to DM397m.

Profits in 1975 are expected to be curbed, says Boehringer. Demand for ethical drugs, which started the year quite strongly, was dampened towards the end *of the first quarter.* Chemicals sales were down compared with the previous year, while fertiliser sales were holding their own.

Growth at Barlow Rand

● Barlow Rand reports taxed profits of R29.05m. (R22.9m.) for *the six months ended March 31.*

Turnover was R386.8m. *(R323.4m.)*, and *profit* before tax R49.98m. (R40.8m.). The dividend is *7 cents (same).*

The company does not expect the same rate of profit increase in the second half. The group faces *considerable capital expenditure* over the next few years in expanding coal interests and in alloy, steel and television manufacture.

Capital expenditure commitments at March 31 amounted to R56.2m. (R15.9m.).

The major share is for expenditure on mining projects, which will be spread over five years.

Long- and medium-term loans to cover this have been negotiated and facilities arranged to cover *substantial orders on hand for* heavy equipment.

WORLD ECONOMIC INDICATORS

RETAIL PRICE INDICES

	Apr. '75	Mar. '75	Feb. '75	Apr. '74	Change over year
U.K.	129.1	124.3	121.9	106.1	+21.7%
Belgium	140.59	139.04	138.13	122.89	+14.4%
Netherlands	154.6	152.7	150.5	140.3	+10.3%
	Mar. '75	Feb. '75	Jan. '75	Mar. '74	
Japan	167.0	166.0	165.5	146.8	+13.8%
West Germany	148.9	148.4	147.5	138.5	+7.5%
U.S.A.	157.89	157.3	156.1	143.19	+1.9%
Italy	165.7	165.5	163.6	136.9	+21%
France	148.2	147.0	145.9	130.6	+13.5%

London tea sales

At the tea sales held in London last week 42,337 packages sold realised an average price of 57.54p per kilo compared with 57.66p in the previous sale and against 59.37p a year ago. Plain tea was quoted at 54p.

	No. of kilos	Average per kilo		No. of kilos	Average per kilo
African Highland Prod.	103,375	56p	Luuva	19,082	56½p
Amgoorie	11,932	54p	Moran	62,582	57p
Assam Co.	26,312	56½p	Nayabedde	13,701	55½p
Assam Frontier	83,830	57p	Ouvah	22,383	54½p
Attaree Khat	10,582	57p	Pabbojan	79,191	57p
Borelli	6,683	56½p	Scot. Tea and Lands	27,335	56p
British Africa	30,438	57p	Tingri	11,366	57p
Central Africa	52,408	57p	Tukuyu	19,865	60½p
Central Provinces	62,394	55½p	United Planters	46,607	56p
Chubwa	12,612	55p	Upper Assam	19,364	60½p
Consold. Estates	27,846	53½p			
Consold. Tea and Land	50,419	54½p			
Dekhari	30,152	60½p			
Doom Dooma	26,340	56½p			

Stocks at May 9 amounted to 70,275 metric tons compared with 53,231 metric tons a year ago. Converted at 46.988 kilos per package.

Tanker rates 'still too low'

BY JAMES McDONALD, SHIPPING CORRESPONDENT

DESPITE the continuing lay-up of oil tanker tonnage—now well over 10 per cent. of the total fleet—and growing cancellations of orders with world shipyards, *tanker freight rates last week* were still well below operating costs.

One leading London broker, John I. Jacobs and Co., says in its weekly report: "This week we have seen an increase in the number of inquiries quoting for clean vessels in the western hemisphere, but as yet there is little evidence of any improvement in freight rates."

It points out that in the period charter market, Exxon is seeking offers of VLCC's (supertankers of over 200,000 deadweight tons) for six to twelve months' time-charter or for consecutive *voyages with early-autumn commencement.* "Tonnage is indicating below Worldscale 30 for 12 months," it adds.

Jacobs' mid-May assessment of laid-up tankers gives a total of 400 vessels, aggregating 26.3m. deadweight tons, plus 37 "combined" ore-oil carriers of 3.7m. tons. In addition, there are tankers totalling at least 4m. tons "waiting in the Persian Gulf," says Jacobs.

FINANCIAL TIMES STOCK INDICES

	May 16	May 15	May 14	May 13	May 12	May 9	A year ago
Government Secs.	57.50	*57.39	57.35	57.20	56.82	57.46	58.63
Fixed Interest	57.17	57.14	57.54	57.07	56.84	57.35	58.89
Industrial Ordinary	341.8	335.6	339.8	335.2	330.8	338.3	[illegible]
Gold Mines	383.9	389.4	402.2	393.2	380.3	377.2	353.2
Ord. Div. Yld.	[illegible]						
Earnings Yld. % (full)	17.79	18.08	18.30	18.51	17.88	18.16	16.93
P/E Ratio (net)	7.71	7.76	7.67	7.56	7.78	7.48	8.40
Dealings marked	6,662	7,347	8,771	8,666	7,685	6,631	6,262
Equity turnover £m.	—	68.53	125.66	99.45	68.81	76.02	41.96
Equity bargains total	—	19,098	21,148	24,676	23,910	20,637	11,079

10 a.m. 339.5. 11 a.m. 337.6. Noon 337.3. 1 p.m. 336.8. 2 p.m. 336.5. 3 p.m. 339.1.

Latest Index 01-246 8026. Excluding national coal charges.
* Nil=7.85.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942. * Corrected.

HIGHS AND LOWS

	1975 High	1975 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	[illegible]			
Fixed Int.	[illegible]			
Ind. Ord.	[illegible]			
Gold Mines	[illegible]			

S.E. ACTIVITY

	May 16	May 15
Daily Gilt-Edged	[illegible]	
Industrials	[illegible]	
Speculative	[illegible]	
Totals	[illegible]	
5-day Av'rge Gilt-Edged	[illegible]	
Industrials	[illegible]	
Speculative	[illegible]	
Totals	[illegible]	

FT—ACTUARIES INDICES

	May 16	May 15	May 14	May 13	May 12	May 9	A year ago
Industrial Group	132.38	131.24	129.69	131.18	130.20	131.36	[illegible]
500 Share	143.97	142.77	140.66	142.46	145.20	141.92	130.64
Div. Yield %	6.12	6.17	6.25	6.17	6.06	6.19	7.25
P/E Ratio (net)	7.06	6.99	6.93	6.96	7.11	6.93	8.29
All Share	143.43	142.12	140.19	142.08	144.81	141.74	127.24
Consols yield	15.18	15.18	15.17	15.26	15.31	15.25	13.92

Moet Hennessey setback

By Giles Merritt — PARIS, May 18.

MOET-HENNESSEY, the major French champagne and toiletries group, has revealed that net earnings last year slumped to only Frs.42.8m. from the 1973 level of Frs.100.3m.

The company emphasised that performance in 1974 was affected by the payment of a Frs.11.03m. special levy on profits tax, but in a letter to shareholders Moet-Hennessey group President M. Kilian Hennessey explained that the overall decline reflected high interest rates and the general downturn in economic activity.

The group's *sales last year* also fell short of 1973 levels, with net consolidated turnover reaching Frs.999.8m., as opposed to the previous year's total of Frs.1.02bn.

The Moet-Hennessey President suggested, however, that the current lowering of interest rates makes the group's profit outlook in 1975 more encouraging, although he declined to forecast results *for this year. Last year,* he said, the high volume of stocks and of financing raised the group's financial costs to Frs.96.9m. *from the 1973 level* of Frs.51.8m.

The group also suggested that its poor showing in 1974 was partly related to last autumn's lengthy postal strike in France. M. Hennessey finally suggested that the group's foreign markets may well show signs of recovery as early as

ITT drop in earnings forecast

NEW YORK, May 18.

International Telephone and Telegraph Corp. says that its second quarter 1975 net will be significantly less than income a year ago of $144.3m.

This will reflect continued economic weaknesses which adversely affected first quarter results, particularly in European operations, it said.

Earnings for the second quarter of 1974 net benefited from relaxation of price controls and strong performances by the Rayonier division and European operations, it noted.

ITT is registering proposed public offerings of $75m. of sinking fund debentures, due June 1, 2000, $75m. of notes, due June 1, 1983, *and $100m. of convertible* subordinated debentures, due June 1, 2000.

The offerings, expected to be *made in early June,* will be through Kuhn Loeb and Co. and Lazard Freres and Co.
Reuter

BASE LENDING RATES

A.F.I. International	9½%
Allied Irish Banks Ltd.	9½%
Anglo-Portuguese Bank	10 %
Henry Ansbacher	10½%
Banco de Bilbao	9½%
Banco de Jerez	10½%
Bank of Cyprus	‡10 %
Banque du Rhone S.A.	10 %
Barclays Bank	9½%
Barnett, Christie Ltd.	11 %
Bremar Holdings Ltd.	10½%
Brit. Bank of Mid. East	9½%
■ Brown Shipley	10½%
Cayzer, Bowater Co. Ltd.	10½%
Cedar Holdings	11 %
■ Charterhouse Japhet	10½%
C. E. Coates	10½%
Consolidated Credits	12 %
Continental Trade Bk.	9½%
Co-operative Bank	* 9½%
Copleys Bank	11½%
Corinthian Securities	9½%
Credit Lyonnais	9½%
G. R. Dawes	10½%
Duboff Brothers	11½%
Duncan Lawrie	10½%
English Transcont.	11½%
First London Secs.	9½%
■ Antony Gibbs	10 %
Goode Durrant Trust	10 %
Greyhound Guaranty	9½%
Grindlays Bank	10 %
■ Guinness Mahon	10½%
■ Hambros Bank	9½%
Hawtin & Partners	13 %
■ Hill Samuel	§10 %
C. Hoare & Co.	† 9½%
Julian S. Hodge	10½%
Industrial Bank of Scot.	9½%
Jacobs, Kroll	11½%
Keyser Ullmann	10½%
Kinghurst Securities	12 %
Lloyds Bank	9½%
London & European	11½%
London Mercantile	11½%
Midland Bank	9½%
■ Samuel Montagu	9½%
■ Morgan Grenfell	9½%
Morris Wigram Ltd.	11½%
National Westminster	9½%
Northern Comm. Trust	11½%
Norwich General Trust	10 %
Portman Guaranty	11 %
P. S. Refson & Co.	9½%
Rossminster Accept'es	9½%
Royal Trust of Canada	10½%
E. S. Schwab	11½%
Security Trust Co. Ltd.	11 %
Shenley Trust	11½%
Standard & Chartered	9½%
Sterling Credit	12 %
Stewart Salmon & Co.	10½%
Thames Guaranty	11½%
Trade Development Bk.	9½%
Twentieth Century Bk.	11½%
United Bank of Kuwait	9½%
Wallace Brothers Bank	10½%
Whiteaway Laidlaw	10 %
Williams and Glyn's	9½%
Yorkshire Bank	9½%

■ Members of the Accepting Houses Committee.
* 7-day deposits 6½%, 1-month deposits 8¼%.
† 7-day deposits on sums of £10,000 and under 6½%, up to £25,000 6¾%, and over £25,000 7%.
‡ Deposit Base Rate 8½%.
§ Demand deposit 7¾%.

INSURANCE BASE RATES

† Atlantic Assurance	11¼%
Cannon Assurance	9 %

† Address shown under Insurance and Property Bond table.

MINING NOTEBOOK

Johannesburg reassessing Randfontein

BY LODESTAR

AS PROMISED last Monday, I will take another look at next month's individual dividend prospects for the South African gold mines this week. But first I must refer to Randfontein's payment reflecting the proposed expansion of its Cooke gold mine to make a timely thrust into the uranium market of the 1980's.

Mr. Bernard Smith, the chairman, has now officially confirmed that the return to the dividend list will be postponed until the end of the year. Even then the declaration is considered only as "*possible.*" *At the meeting he* declined to indicate what the amount might be. This would be decided in the light of circumstances at the time.

This, *plus disappointment* with the grade of the gold ore in the new No. 3 shaft area, projected by the chairman at a mere 6 grams (3.86 dwt.) per ton, has undoubtedly downgraded Randfontein's investment status in South Africa.

Dividends

It is pointed out that even if the gold price booms dividends will now probably be modest because the resultant higher profits are likely to be used for internal financing purposes while there is no escaping from the chairman's *overall three-shaft ore* forecast of 66m. tons averaging *7.7 grams (5 dwts).*

From Johannesburg Richard Rolfe *reckons* that Randfontein is now considered to be turning into a low-grade long-life mine like Free State Saaiplaas with all its vulnerability to cost inflation, *particularly significant if the gold* price fails to move up. So a rerating of the shares is regarded as inevitable.

Forecasts

He says the sole consolation for the bulls is the better than *expected No. 3 shaft uranium* grade of 0.45 kilograms per tonne and a report that a partner, or partners, is being sought for uranium production from this area to avoid further financial commitment by Randfontein shareholders. In my view these holders are being dangled the Cooke carrot on a *much longer* stick. Friday's price was £30¼.

The Consolidated Gold Fields group's Doornfontein gold mine remains reasonably high in brokers' buying lists. The consensus of June dividend forecasts is for a minimum 60 cents which would make a total of 110 cents (70.2p) for the year ending in that month compared with 100 cents for 1973-74. The life is still put at around 20 years. Friday's share price was £12¾.

For Kloof, shareholders still have to look ahead hopefully to the time when this young mine should at last be bearing out its *early promise, say in 1976-77.* In the meantime, neither the chairman nor the market is very sanguine about dividend prospects for the year to this June. The more cautious *estimates* are for a final of no more than the interim of 25 cents to make 50 cents (31.9p) compared with last year's 79 cents, not a very happy near-term prospect.

Forecasts for West Driefontein range up to a final of 290 cents which would make 500 cents (319p) against 400 cents for 1973-1974 but I feel that this must be regarded as a maximum expectation. The life of this rich mine is still put at anything up to 20 *years although eventually the ore* grade milled is likely to fall away from the recent 23.1 grams (14.85 dwts). The shares are a hefty £50¼ but still rank high in most investment recommendations.

For Libanon most predictions are for a final of 50 cents to make a total of 100 cents (63.8p) *—the same as 1973-74.* Last September the chairman was looking for a 110 cents total but there has been a falling off in production owing to severe African labour shortage. Libanon are £15.

The life in the light of the higher gold price is put at near 20 years and the shares generally *rank as a favourite* among those who think the bullion price will get up steam again. Much also depends on how long it is before there is enough labour to allow *full use of the* expanded plant capacity.

Good for Charter

Some week-end news that should be of considerable interest to Charter Consolidated shareholders is that America's Inspira*tion Consolidated Copper is pro*posing to raise $31.45m. (£13.66m.) by the sale of 0.85m. shares at $37 to the Anglo American Corporation group's Hudson Bay Mining and Minerals and Resources Corporation, formerly Zambian Anglo American. This would give Hudbay a 15.6 per cent. and Minorco a 10.4 per cent. stake in Inspiration, a natural resources company which produces copper in Arizona.

Mr. Ronnie Fraser, Hudbay's chairman, emphasises yet again that his company is pursuing a policy of geographical and product diversification. Inspiration is regarded as a particularly attractive *investment because it provides an* entry into mining in the U.S. It has substantial reserves of copper and plans to enter the coal-mining industry.

Charter enters the picture through its 20 per cent. of Minorco and 25 per cent. of Anglo American Corporation of Canada which holds 35 per cent. of Hudbay.

A big turnover in Lydenburg Platinum shares last week is reported from Johannesburg with over 0.4m. changing hands. The theory is that the main seller has been Johannesburg Consolidated for cash-raising purposes. Its 10 per cent.-plus shareholding is not believed to be needed for Rustenburg control purposes. In London Lydenburg fell 4p to 106p.

London, Australian and General shares rose 5½p last week to a *1975 high to date of 41p.* They were 33½p when I last drew attention to them on February 24 in the light of this London company's control of South Africa's Duiker Exploration and the possibility that Anglo American might be finding something worthwhile in its drilling for gold *on Duiker's Erfdeel farm in* the Orange Free State. Lonrho acquired a 29.5 per cent. stake in LAGS last January. There could be further interesting developments in this situation.

Australia's Acmex Holdings now owns 95 per cent. of Acmin Explorations. The remaining *shares* will be compulsorily acquired. Lazard Brothers says that the 18 cents cash consideration per share due to Acmin holders, most of which are in the U.K., will be paid on June 20. It will be in Australian currency and may be treated as investment premium depending on individual *exchange* control situations. Acmex were 16p on Friday.

INSURANCE

Reinstatement and average

BY OUR INSURANCE CORRESPONDENT

IT HAS LONG been a standard feature of fire, perils and consequential loss policies, whether they are sold by the tariff companies or independent insurers, that they are subject to a condition of average, so that if at the time of destruction or damage the sum insured is less than the value of the property at risk or, in the case of a reinstatement policy, the cost of future reinstatement, the policyholder, in insurance terminology, is deemed to be "his own insurer for the difference" when he is claiming for partial loss.

Putting this simply, if his sum insured is £10,000 when it should be £15,000 then he will have to bear one-third of any partial loss himself.

Vigilance

In these inflationary times the penalty for under-insurance demands that each policyholder is vigilant in keeping his sum insured adequate; and not surprisingly pressure has been exerted on insurers to modify the average conditions.

Insurers have hitherto maintained their traditional stance, holding that to do anything else would be to take the first step towards turning full value insurances into first loss policies—policies which pay in full up to the agreed sum insured irrespective of the full value of the property at risk—and to make *virtually* certain that inadequate premiums would be collected.

However, the tariff companies —the members of the Fire Offices Committee, who in aggregate hold the majority share of the fire business in Britain—together with "leading independent companies" (as they were described in the recent press announcement) have now decided to modify the rigours of the average condition which is applied to insurances providing for the reinstatement of industrial and commercial buildings, and plant and machinery.

Lloyd's Underwriters have not *yet positively committed them*selves to supporting the modification but seemingly where a risk is scheduled by a company apply*ing the modified average clause, if* Lloyd's takes a share of the risk then they will have to follow the terms and conditions applied *by the leading companies.*

Modification

The modification of the average condition applies, regardless of the individual policy renewal date, to all losses occurring on and after May 1, 1975, which are insured under fire and perils policies that have been arranged subject to the insurers "reinstatement memorandum"—the *special clause which makes it* clear that the ultimate cost of reinstatement rather than present value is the yardstick. So as of now the modified condition of average will be applied to losses only if the sum insured by the relevant item of the policy is less than 85 per cent. (instead of 100 per cent. as hitherto) of the full reinstatement value of the whole of the property so insured.

This step has been taken because insurers have said that it is becoming increasingly difficult for the policyholder to assess with any real degree of accuracy what the likely cost of reinstatement will be, not on the day of destruction or damage during the current year of insurance, but on the date of completion of that *reinstatement*, perhaps two or three years ahead.

Safety margin

In making this concession, insurers have emphasised that policyholders must consider the 15 per cent. tolerance as providing a safety margin against unforeseen future circumstances, and they must as a matter of regular habit and common prudence review sums insured and keep them at a realistic level having regard to present and anticipated future conditions.

This concession does not apply to losses which are settled on an indemnity basis, that is to say having regard to the value of property at the time it is destroyed or damaged without considering the extra cost of *reinstatement over the future* years. To such losses the full 100 per cent. rigour of the standard average condition will *still apply.*

Furthermore the companies emphasise that the concession is "temporary" and will only remain "for such time as the problem remains." But concessions once made quickly become accepted as part of policyholders' rights and for that reason difficult to withdraw. Moreover, while we must all hope that the present rapid pace of inflation is only temporary, we have lived with inflation now for the whole of the post-war period, albeit at *a much lower average,* but with quite startling peaks and troughs *in past years. So it seems that* what is now described as temporary may well have all the trappings of permanence.

COMPANY NEWS

Fluidrive first half growth

First half turnover of Fluidrive Engineering increased from £1,554,900 to £2,325,900, and pre-tax profit more than doubled to £253,200, against £119,000. The figure for the year to September 30, 1974, was £383,219.

Net profit for the six months came out at £121,500 (£92,700) after tax of £131,700 (£26,300). Stated earnings per 20p share increased from 1.65p to 2.17p, and the interim dividend is 0.716p net, compared with 0.738p. Last year's total was 2.32p.

The directors state that there is a record order book. The short-term outlook is encouraging, but there are some indications of a slackening of the rate of input orders.

Also the higher rate of inflation costs in the U.K. compared with *most other countries, if continued* for long, must weaken the competitive position and margins, the directors add.

Whitbread Investment

Profit, before tax, of Whitbread Investment Company rose from £1,693,290 to £1,812,149 in the year to March 31, 1975.

Earnings per 50p share are shown to have gone up from 5.56p to 5.69p and a final dividend of *3.3907p lifts the net total from* 5.36625p to 5.5907p.

Notice has been received from the Inland Revenue that in their view the company does not now qualify as an authorised investment trust. This matter is being contested, it is stated.

Bishopsgate Trust

Bishopsgate Trust's present estimates indicate an increase in revenue for the current year, says *the chairman, Mr. J. M. Clay.*

As reported on May 13, pre-tax revenue decreased from £602,556 to £572,507 in the year to *March 31, 1975* and the net dividend is 4p (same) per share.

During the year the main physical changes in the geographical distribution of investments in Sterling terms were reductions in South African gold mining and industrial shares, and also in Australia. Repayment of *$1m. of foreign currency borrow*ings was made, while in the U.K. increased emphasis was placed on the consumer sectors.

The Prudential Assurance Company holds 18.3 per cent. of the Ordinary. Meeting, 41, Bishopsgate, E.C., June 9, at 2.45 p.m.

WEEKLY AVERAGES OF U.K. INDICES

Week to—	May 16	May 9	May 2	Apr. 25
Financial Times				
Govt. Secs.	57.29	57.13	57.19	58.61
Fixed Interest	57.07	57.05	57.52	58.93
Industr'l Ord.	338.1	322.7	330.9	341.4
Gold Mines	393.0	368.4	373.6	376.6
Dealings mkd.	[illegible]			
F.T. Actuaries				
Ind. Group	[illegible]			
500 Share	[illegible]			
Financial Gp.	[illegible]			
All Share	[illegible]			
Red. Debs	[illegible]			

REGIONAL MARKETS

Following the merger last year of U.K. stock exchanges, a selection of the share prices previously shown under regional headings is presented below with quotations on London. Irish issues, most of which are not officially listed in London, are shown separately and with prices as on the Irish exchange.

Stock	Price	+ or −	Stock	Price	+ or −	Stock	Price	+ or −
Albany Inv (20p)	12	......	Gardiner Sons	11	......	Sheff. Refrshmt	155	......
Ash Spinning	37	......	Gardner L.	59	+1	Shiloh Spinn.	23	......
Bertam	16	......	Graig Ship (£1)	460	......	Sindall (Wm.)	48	......
Brady (G.) "A"	68	+1	Hallam Sl. (10p)	7½	......	Vincent (H.)	67½	......
Br'wtr Est. (50p)	138	......	Higsons Brew	78	......	IRISH		
Clover Croft	40	......	Holt Joseph 25p	170	......	Alliance Gas £1	35	......
Craig & Rose £1	315	......	I.O.M. Steam £1	110	......	Carroll (P.J.)	120	......
[illegible]								

EUROBONDS

Mid-East thanked for revival

BY PAULINE CLARK

INCREASED interest in Eurobonds from the U.S. and the Middle East has been identified by the Association of International Bond Dealers (AIBD) meeting in Berlin last week-end as one of the chief indicators of a continuing high level of business this year.

M. Peter Sorg, of the Swiss Bank Corporation, the retiring chairman, told the annual meeting of about 600 bond dealers that after last year's tribulations it seemed that the Eurobond market was "here to stay." No doubt his confidence was re-inforced by the World Bank report of only a few days previously that the number of new issues flooding the market during the first three months of this year was almost double the amount of the previous quarter.

M. Sorg also drew confidence from the boost to the market given by increasing specialisation in portfolio management and arbitrage opportunities plus the fact that higher savings rates in Europe guaranteed better sources of capital than anywhere else.

He was convinced that the U.S. capital market, for a variety of reasons, would remain esentially a domestic capital market and, contrary to earlier beliefs, not absorb the Eurobond sector overnight. But there were some worries hanging over the market, particularly the trend in demand for industrial capital which would be unlikely to pick up until inflation was reasonably under control.

Apart from revived activity, other changes indicated in the market included a clear movement away from long-term bonds and a continued trend towards diversification of currencies. An advance of the largest European commercial banks towards top positions in the lead tabes of managements and co-managements had also been seen, as increasing emphasis was put on placing power.

Swedish Match warning

By William Dullforce

STOCKHOLM, May 18

THE SWEDISH MATCH group anticipates a "significantly lower" trading profit this year, says the managing-director, Mr. Rolf Deinoff. An improvement in results could be expected in 1976, when an upswing could be expected to emerge from the economy-stimulating measures of European governments.

The Board warns, however, that Swedish industry cannot in the short term compensate through rationalisation for the cost increases resulting from the recent central two-year wage agreement between Swedish employers and unions.

The group's 1974 operating result (Kr.320m. on a Kr.4.3bn. turnover) did not fully meet expectations, owing partly to a rapid downturn in the final four months on the European construction market and partly to special problems at the group's West German Board and Furniture plants, which had now been overcome. The construction downturn had continued during 1975 but a certain stabilisation could be noted now and the Board anticipated an upswing towards the end of 1975.

Boliden to cut spending

By William Dullforce

STOCKHOLM, May 18.

BOLIDEN, the Swedish metals and mining concern, is postponing some capital investments as a result of market uncertainty following a drop in sales from Kr.630m. in the first quarter of 1974 to Kr.574m. (£63m.) in the first three months of this year. The quarterly report maintains management's earlier forecast of a drop in earnings per share from Kr.48 in 1974 to Kr.14 this year.

Demand for copper, zinc and lead is still very weak and has begun to drop for the concern's other products, chemicals and fertilisers. The fall in the value of the dollar has led to substantial, competitive exports of American chemicals. The quarterly report also foresees significant cost increases as a result of the Swedish wages settlement and the proposed rise in electricity tax.

Indices

NEW YORK

DOW JONES AVERAGES

Close	Home Bonds	Transport	Indus	Util.	Trading volume† 000's
May					
16	67.95	168.20	837.61	78.16	16,630
15	67.64	170.39	848.80	78.86	27,890
14	67.61	173.47	858.73	78.80	29,060
13	67.65	172.36	850.13	78.64	24,460
12	67.61	171.58	847.47	78.42	22,410
9	67.64	171.91	850.13	77.90	28,440
8	67.69	170.72	840.50	76.37	22,380
7	67.58	170.85	836.44	76.47	22,250
6	67.63	171.30	834.72	75.25	[illegible]
5	67.54	174.12	855.60	76.19	22,370
2	67.32	171.98	848.48	74.64	25,310
1	67.23	170.76	830.96	74.29	20,660
Apr.					
30	67.24	171.38	821.34	74.04	18,060
29	67.37	168.02	803.04	74.16	17,740
28	67.33	169.66	810.00	74.77	17,860
25	67.47	169.45	811.80	75.03	20,260
1975 High	68.82 (4/4)	174.72 (6/5)	858.78 (14/5)	81.98 (21/1)	—
Low	66.16 (3/1)	146.47 (2/1)	632.04 (2/1)	72.02 (2/1)	—
All-time High	—	279.88 (7/2/69)	1051.70 (11/1/73)	163.32 (20/4/65)	—
Low	—	13.23 (8/7/32)	41.22 (8/7/32)	10.50 (28/4/42)	—

† Excluding bonds.

IND. DIVIDEND YIELD p.c.

May 9	May 2	May 10, 1974
4.64	4.56	4.33

N.Y. SE ALL COMMON INDEX

December 31, 1965=50.

1975 High	1975 Low	May 16	May 15	May 14	May 13	May 12
48.83 (14/5)	37.06 (2/1)	47.96	48.44	48.83	48.48	48.01

RISES AND FALLS

Issues traded	Up	Down	Unchanged
1,797	500	920	377

	May 16	May 15	May 14	May 13	May 12
New Highs	56	174	178	146	166
New Lows	6	10	5	7	6

AMERICAN SE MARKET VALUE INDEX

Starting base 100 Aug. 31, 1973.

	1975 High	1975 Low	May 16	May 15	May 14	May 13	May 12
	87.85 (14/5)	62.20 (2/1)	87.11	87.48	87.85	87.50	87.45
Volume (000's)			2,080	2,410	2,740	2,780	2,780

STANDARD AND POORS U.S. STOCK INDICES

	*Industrials	†Composite
May 16	101.93	90.43
15	103.06	91.41
14	104.04	92.27
13	103.22	91.58
12	102.08	[illegible]
9	103.05	90.53
8	100.96	89.56
1975 High	104.04 (14/5)	92.27 (14/5)
1975 Low	77.71 (8/1)	70.74 (8/1)

* 425 Industrials. † 425 Industrials, 60 Utilities, 15 Rails.

STOCK AND BOND YIELDS

	May 14 1975	May 7 1975	May 1 1974
Ind. Ord. yield pc	3.63	3.78	3.59
Ind. Ord. p/e ratio	10.75	10.35	11.65
Long-term Govt. Bds. per cent.	6.66	6.14	6.73

FRIDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Rite Aid	263,800	12⅞	+⅛
Sbd. Cst. L. Ind.	250,000	21⅞	−2
Xerox Cp.	198,100	76⅛	+2⅝
Polaroid	162,400	30⅛	+1⅛
Am. Tel. Tel.	161,900	50⅛	−1⅛
Imperial Cp. Am.	150,300	9⅛	—
Int. Tel. Tel.	122,300	23⅛	−⅛
Gen. Motors	112,600	45⅛	−⅛
Kresge SS	110,700	29⅛	−1⅛
Southn. Co.	107,200	11	+⅛

TORONTO

INDUSTRIAL INDEX

May 16	May 15	1975 High	1975 Low
186.53	187.17	188.69 (17/4)	139.41 (2/1)

MONTREAL

INDUSTRIAL INDEX

May 16	May 15	1975 High	1975 Low
186.64	187.60	197.95 (14/5)	159.96 (2/1)

COMBINED INDEX

May 16	May 15	1975 High	1975 Low
189.88	190.82	191.02 (14/5)	155.62 (2/1)

JOHANNESBURG

	May 16	May 15	1974-75 High	1974-75 Low
Industrials	208.0	208.1	210.5 (17/2)	183.6 (22/1)
Golds	307.0	313.1	379.1 (3/1)	285.2 (15/4)

(1958=100.) Source: Rand Daily Mail. * 1974.

MELBOURNE YIELDS

Av'ge yield on 50 Leading Stocks	May 16	May 15	May 8
On Dividends	7.65	7.66	7.48
On Earnings	14.50	14.50	14.17

SYDNEY ALL ORD. INDEX

May 16	May 15	High 1975	Low 1975
349.32	350.05	388.48 (14/1)	269.88 (8/1)

TOKYO NEW SE INDEX

Base=100 January 4, 1968.

May 16	May 15	High 1975	Low 1975
332.97	332.26	332.26 (15/5)	268.24 (10/1)

HONG KONG INDEX ●

May 16	May 15	High 1975	Low 1975
326.54	322.91	333.64 (28/4)	160.42 (9/1)

SINGAPORE INDEX §

May 16	May 14	High 1975	Low 1975
248.41	248.40	268.69 (11/3)	153.26 (8/1)

EUROPE

	May 16	Previous	1975 High	1975 Low
Belg'm (a)	111.87	111.51	111.81 (15/5)	89.07 (2/1)
Denm'k (b)	90.08	89.81	90.08 (14/5)	73.08 (13/1)
France (d)	69.8	69.9	72.6 (23/4)	61.70 (2/1)
Germ'y (e)	691.7	687.3	726.1 (15/4)	573.5 (3/1)
Holland (f)	106.4	106.1	107.6 (6/5)	83.8 (2/1)
Italy (g)	96.76	[illegible]	108.86 (21/2)	85.66 (8/1)
Spain (h)	106.27	—	110.96 (22/4)	91.26 (15/1)
Sweden (k)	374.32	376.65	376.65 (15/5)	310.58 (9/1)
Switz'rl'd (m)	[illegible]	286.1	296.1 (6/5)	205.5 (2/1)

Indices and base dates (all base values 100):—(a) Belgian S.E. 31/12/63. (b) Copenhagen S.E. 1/1/73. (d) Paris Bourse 1961. (e) Commerzbank December, 1953. (f) Amsterdam Industrial 1970. (g) Milan General 2/1/73. (h) Madrid S.E. 31/12/74. (k) Stockholm Industrial 1/1/58. (m) Swiss Bank Corp. 31/12/58. (u) Unavailable. ● Hang Seng Bank 31/7/64. § Straits Times 1966. (c) Closed. † Adjusted.

AUSTRALIAN WEEKLY LIST

TEL AVIV STOCK EXCHANGE

Source: Bank Leumi Le Israel, Tel Aviv.

HONG KONG

SINGAPORE STOCKS

JOHANNESBURG

MINES

INDUSTRIALS

CANADIAN WEEKLY LIST

OVERSEAS SHARE INFORMATION

Investment premium based on $2.60 per £1 101½% (101⅞%).

NEW YORK

CANADA

GERMANY ♦

AMSTERDAM

MILAN

TOKYO ¶

PARIS

BRUSSELS

SWITZERLAND ●

VIENNA

SPAIN ▼

COPENHAGEN

STOCKHOLM

OSLO ♣

مكتبة الأصل

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

Money & Exchanges

Bank of England Minimum Lending Rate 10%
(Since May 2, 1975)

Short-term interest rates in the London money market followed an erratic course last week, though trending upwards. The Bank of England Minimum Lending Rate was held at the 10 per cent level reached on May 2, with a cut of ½ per cent. to 6 per cent. in U.S. Federal Reserve Bank Rates (announced on Thursday) relieving upward pressure on it.

At the Treasury bill tender, the average rate of discount was cut 0.0027 per cent. to 9.4747 per cent.

Sterling lost ground against major currencies in general in the foreign exchange market, with its trade-weighted average depreciation against ten leading currencies since the Washington Currency Agreement of December, 1971 (as calculated by the Bank of England) again reaching record levels—and closing at 24.9 per cent., against the previous 24.4 per cent., after having been at 25.2 per cent. during the week. A cut in the Swiss Bank Rate from 6 per cent. to 5½ per cent. (effective to-morrow) was in the pound's favour on Friday, as were the reductions in U.S. official discount rates. In terms of the dollar, the pound fell 155 points on balance, to $2.3000-2.3020, and was quoted around $2.2955-2.2965 at one time on the Monday. The dollar's weighted loss against 14 currencies since the Washington Agreement (on the Morgan Guaranty calculation) narrowed to 6.53 per cent., from 6.78 per cent., while sterling's on a similar basis widened to 30.27 per cent., from 29.54 per cent.

Gold was unchanged on balance in London, at $165¼-166¼ an ounce, but reached higher levels at times, against the background of the Cambodian situation. The Krugerrand ended in places in domestic business at $198-200½ (£86-87), against $203½-206 (£87¾-89½).

EXCHANGE CROSS-RATES

May 16	Frankfurt	New York	Paris	Brussels	London	A'sterdam	Zurich
Frankf't	—	2.354-355	57.80-58.01	6.63-65	5.41 43	97.60 80	93 85-94
N. York	43.48-52	—	24.66 69	2.77-78	2.302 303	41 42.45	39 70.74
Paris	172.42-52	4.056 068	—	[illegible]	9.35 37	169 7 169.1	161 7 162
Brussels	14.81-88	34.90 95	8.08 62	—	80 39 58	14.48 53	13 50 98
London	5.41 45	2.301-2.308	9.25 39	80 23-50	—	5.54 57	5.76 81
Amsterdam	102.28-33	2.406 408	69.28 33	6.89 90	5.547 562	—	95 92.97
Zurich	106.80-107.12	2.52-525	61.8-62.01	7.20 22	5.80-81	104 52 82	—

U.S.$ in Montreal, U.S.$1=103.43 44 Canadian cents
Canadian $ in New York, $C1=96.75-77 U.S. cents, U.S. $ in Milan 627.90
Sterling in Milan 1447.45

EURO-CURRENCY INTEREST RATES*

GOLD MARKET

	May 16 1975	May 15 1975
Gold bullion (a fine ounce)		
Close	$165¼-166¼	$165¼-166¼
Opening	$165¼-166¼	$166¾-167¾
Morning fix'g	$165.75	$166.25
	(£71.831)	(£72.110)
Afternoon fix'g	$165.75	$166.00

FOREIGN EXCHANGES

May 16 1975	Bank Rates %	Day's Spread	Close
New York	6	2.2970-2.3000	2.3000-2.3020
Montreal	8¼	2.3765-2.3855	2.3790-2.3800
Amsterdam	6	5.54-5.57	5.55¼-5.56¼
†Brussels	7	80.20-80.60	80.40 80.60
Copenh'gen	8	12.60-12.61	12.59¼ 12.60¼
Frankfurt	5	5.41-5.45	5.42¼-5.43¼
Lisbon	6½	56.11-56.61	56.25-56.45
Madrid	†7	129.05-129.25	129.70-129.90
Milan	8	1,446-1,450	1,448-1,446
Oslo	5½	11.37 11.41	11.39¼ 11.40¼
Paris	10	9.35-9.39	9.36¼-9.37¼
Stockholm	7	9.06¼ 9.09¼	9.08 9.09
Tokyo	8½	667-677	671 675
Vienna	6	38.25 38 80	38.50-38 60
Zurich	5½	5.76-5.81	5.78 5.80

† Basic discount. ‡ Rates given are for convertible francs: closing financial franc

INSURANCE, PROPERTY, BONDS

Yield %

Abbey Life Assurance Co. Ltd.
1-3, St. Paul's Churchyard, E.C.4. 248 9111

Abbey Eq. May 15	28.1	29.6	.....	—
do. Acc'Unit May 13	21.9	23.2	.....	—
do. Pr. May 6	102.7	109.1	.....	—
do. Acc. Unit May 6	97.2	103.8	.....	—
do. Pen. Unit May 6	103.5	109.8	.....	—
Selective In May 8	59.0	62.7	.....	—
do. Pen Unit May 8	53.8	56.6	.....	—
Conv Unit May 8	104.5	110.1	.....	—
Money Fd. Unit	99.0	104.5	.....	—
Pension Sec. Bond	100.5	105.8	.....	—
Pension Man Bond	105.9	111.4	.....	—

Albany Life Assurance Co. Ltd.
31, Old Burlington St., W.1. 01-437 5962

G't'd. Mon. Fd.	95.4	100.4	.....	—
Do. Accum.	96.1	101.2	.....	—
Equity Fund	122.8	129.2	.....	—
Do. Accum.	123.8	130.3	.....	—
Property Fund	96.2	101.3	.....	—
Do. Accum.	96.9	102.0	.....	—
Fixed Int. Fund	95.0	101.1	.....	—
Do. Accum.	96.7	101.8	.....	—
M'ple Inv. Fund	113.8	119.3	.....	—
Do. Accum.	114.5	120.5	.....	—
Gt'd Mon. Pens.	96.1	101.1	.....	—

I.G. GOLD INDEX
165¼-166¼

CORAL INDEX
Close 340-345

Base lending rates Page 21

COMPANY NEWS

'Satisfactory start' by Spillers

VARIOUS FACTORS coupled with uncertainties that will exist until a clear decision is taken to remain in the EEC, make it impossible to predict Spillers' outcome for the current year, says the chairman, Mr. W. M. Vernon.

However, the year started satisfactorily and the directors are reasonably confident that the first-half results will show "a significant improvement" on the corresponding period of 1974. It is probable that interest charges for the six months will show a marked reduction.

Introduction of a revised code under the Government's counter inflation policy has marginally contributed to a currently better position in baking. Although there will be a substantial improvement it is unlikely that Spillers-French Baking will make a profit this year.

But Mr. Vernon believes that the major benefits anticipated at the time of the Spillers-French merger are now, to a very considerable degree, being achieved.

He stresses that the principal need is to continue the satisfactory growth of most of the companies and to rectify the problems of the minority.

As reported on April 24 group pre-tax profit decreased from £10.71m. to £7.35m. in the year to February 1, 1975, and the dividend is maintained at 3.5p gross. The disappointing overall results conceal the "excellent" performances of many operating companies in a period of unprecedented difficulty for the food manufacturing industry, says Mr. Vernon.

• comment

Inevitably, there must be doubts about asset valuations when book capital employed of £173m. yields just £13.2m. before interest. Spillers, in fact, is writing £10m. off the £25.8m. goodwill included in this total, though it gets a black mark from its auditor, Deloitte, for not passing the item through the p and l. The report confirms that baking losses, £6.9m. last year, will be greatly reduced this time, but despite easier grain prices, Spillers continues to maintain borrowing facilities "well in excess" of current needs; debt on February 1 was £57.5m., against tangible shareholders' funds (ignoring Rhodesia and Zambia) of £66m.

Chairman's statement, Page 20

BOARD MEETINGS

The following companies have notified dates of Board meetings to The Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the subdivision shown below is based mainly on last year's timetable.

TO-DAY

Interims—Australia and New Zealand Banking, Buren Dean, Midland Industries.

Finals—Berry Wiggins, Booth (International), Bunzl Pulp, Clark and Fenn, F.C. Finance, French Kier, Outwich Investment Trust, Padang Senang Rubber, Regalian Properties, H. Samuel, H. C. Slingsby, Tricentrol, Turnbull Scott Shipping.

FUTURE DATES

Interims—

Freshbake Foods ... May 29
Marley ... May 28
Shires Investment ... June 10

Finals—

Fine Arts Development ... June 4
Heath (C. E.) ... May 27
London and Lennox Invest. Trust May 21
Tanganyika Concessions ... May 22
Wedgwood ... May 21

O. C. Summers setback

On turnover up from £6.66m. to £7.44m., profits of civil engineers and public works contractors, etc., O. C. Summers (Holdings) fell from £306,510 to £161,277 in 1974, before tax down from £160,674 to £104,911.

At half-way, reporting profits of £78,600 (£160,000) the directors were expecting an improvement in the second half.

Full-year earnings are shown to be down from 7.1p to 2.7p per 25p share and the dividend is reduced from 3.4p to 2.5p net with a final of 1.25p.

The current year already indicates an improving profits situation and order books in all companies are at "an exceedingly high level."

Letraset sales down on target

Sales of Letraset International, the commercial arts materials group, have failed to meet planned growth, and trading in the second half to April 30, 1975 "is unlikely to show much improvement on the first six months."

This is stated by the chairman, Mr. W. Fieldhouse, in his third-quarter letter to shareholders. Using the occasion to highlight the company's North American interests—where Letraset has made "considerable progress in recent years"—the chairman says there are excellent prospects for expansion there.

"North America will provide an increasing proportion of the group's profitability in the coming years," he adds.

Commenting on current trading, he says: "actions taken since October to improve the situation in terms of cost reduction and tighter working capital control, are clearly benefiting current performance."

As reported on December 19, 1974, pre-tax profit slipped from £1.1m. to £905,000 for the half year to October 31, 1974. Interim dividend is up from 0.343p to 0.369p net.

Hammerson now curtails overseas development

EVENTS OF the past year have necessitated a complete re-appraisal by the directors of Hammerson Property and Investment Trust of objectives and future policies, says the chairman, Mr. S. Mason.

A year ago he indicated that development activities within the U.K. would be curtailed and only developments committed would be proceded with.

This policy will continue, he now says, but events since have also necessitated the curtailment of development activities overseas. The financial crisis has now extended to and affected most of the advanced countries of the world and has resulted in a complete withdrawal of finance suitable for property development.

The view was therefore taken that, as a matter of prudence, one of the main objectives during the latter part of 1974 and the whole of 1975 should be to reduce substantially short term indebtedness, which constitute "an unwelcome exposure to fluctuating interest rates and to potential liquidity pressures."

It was decided that selective disposals be made of some investment properties, particularly those where the cost was not fully long-term financed so that the proceeds would make a noticeable impact on the reduction of short-term facilities. The most important property in this category was Fleet Bank House, Salisbury Square, E.C., where building works were completed in 1974.

Referring to the problem of valuations, Mr. Mason stresses that the relevant factor from a shareholder's point of view is the net income which investments produce after finance costs, and are expected to produce in the future. With curtailment of the development programme it is to the future income from investment properties that growth is looked for during the remainder of this decade.

The directors have endeavoured to take a realistic view of the values of completed properties at end 1974, bearing in mind the depressed state of the market at that time.

Properties total £216.55m. (£192.7m.) comprising fully developed investment properties at cost £141.58m. (£79.44m.) and development properties at cost £74.96m. (£113.26m.).

Valuations since 1968 by the joint managing directors, of the fully developed properties, when fully developed, showed a total surplus of £58.26m. attributable to the group.

They believe that if current investment yields and deferred reversionary rental values were applied to all the valuations, the total surplus would not be less than the stated figure.

Over the next few years the objective will be to consolidate the properties into a first-class portfolio fully financed on long-term funds at fixed and reasonable interest rates and to secure growth from the "extremely valuable" reversions maturing over the next few years.

For the future the directors remain ready to undertake new development projects wherever and whenever the financial and economic climate and policies of any country permit.

As known, group pre-tax profit decreased from £3.53m. to £3.12m. in 1974, and the dividend is 4.52p (same) net per share.

Meeting, 100, Park Lane, W., June 16, noon.

See Lex

Good prospect at E. Ireland

THE CURRENT year profit outlook at Ernest Ireland is encouraging, reports chairman Mr. J. D. Fitzjohn.

All subsidiaries are busy and turnover is expected to be about £30m., including Weir Construction.

Arrangements have been made to obtain more long-term finance for development projects, and loans totalling some £5.5m. have been secured. The chairman says that this method of finance gives the group a longer period in which to arrange sales at the best time in the financial market on completion of developments.

The borrowing level of some £13m. of loans and overdrafts is expected to be reduced by some £4.5m. with the sale of current development projects during 1975, but the borrowings at the end of 1975 will depend largely on the start-up of new developments.

As reported, group pre-tax profits fell from £1.96m. to £457,584 in 1974.

The auditors' report has been qualified as they are unable to ascertain the market value of development land and property and freehold and leasehold land in the books, in the absence of a current professional valuation. The directors consider the valuation fairly stated.

In their report the auditors state that in addition an overseas subsidiary holds a 40 per cent. investment in an associate which is given in the books at cost of £235,294. The only asset of the company is one development which is stated at cost. In the absence of a current professional valuation "we are not able to satisfy ourselves that this asset is fairly stated in accordance with the group's accounting policy and therefore that the investment is fairly stated."

Meeting, Bath, June 5 at 11.30

Smith St. Aubyn

The fall in MLR from 12½ per cent. to 10 per cent., together with at times wide running margins, enabled Smith St. Aubyn and Co. (Holdings) to have "a most satisfactory year," says the chairman, Mr. J. F. E. Smith.

As known group net profit for the year to April 5, 1975, was £1,146,000, against a previous loss of £1,677,106, the dividend is 5.35p net (2.45p), and a one-for-two scrip issue is proposed.

All the traditional discount house investments made substantial contributions to profit, and the company suffered no loss from three failed banks whose acceptances it held.

The policy is to maintain as many assets as possible in the discount house as it is on those assets that the Bank of England multiplier applies, so that it is where the bulk of the year's profits have been retained, Mr. Smith explains.

The other subsidiaries rely on loans from the discount house for their working capital which are either covered by investments or, in the case of the loan of £2,548,541 to Highclere Securities, provided in full.

Three directors waived emoluments totalling £5,684 (five £1,200).

Meeting, White Lion Court, Cornhill, E.C., June 10 at 12.30 p.m.

THE JOBS COLUMN

Careful · Fife chieftain

BY MICHAEL DIXON

FIVE INCREASINGLY anxious weeks after becoming jobless years ago, I applied under a box number for a £12-a-week chief clerkship. A reply came from a company whose name *I had never heard, but described* in the letter as "in the publishing trade," which asked me in for interview.

There were four other people waiting. When my turn came the interviewer, who had evidently taken a course in accentuating the positive, first asked numerous questions about my background and then said that the chief clerkship had been filled.

However, he could fortunately offer a position much better suited to my "obvious initiative and ambition." He was sure I would make a successful member of the company's sales force. This was occupied in selling books (not encyclopaedias) from door-to-door on commission only—a method of payment which, of course, any really capable representative preferred.

He would see that I received a couple of days on-the-job training from the company's best man, after which I would start on my own. He was sure that within a fortnight my commission earnings would exceed the small deposit of £20 he would need from me to cover my stock of the books.

At the time, the actual offer of work was enough to tempt me. But I had not got £20. As I left the offices, I realised that the chief clerk's job which had attracted me there had probably never existed. I have not heard the company's name since.

This came to mind because these past few days a number of contacts have remarked that several organisations are now offering opportunities to jobless managers in return for a modest investment of their redundancy money. Some such offers will no doubt stand analysis, but others may be traps. So any reader unfortunate enough to be among the 60,000 or so redundant executives of to-day would be wise to think carefully before parting with any cash.

AT CUPAR in Fife in Scotland a new vegetable-growers, co-operative venture in the frozen-food trade wants a general manager to take overall charge of the company with specific responsibility for marketing as well. Called Fife Growers, the business is expected to have a £2m. turnover.

Responsibility is to the non-executive chairman of the nine-strong Board (three directors from each of the founding companies), and the newcomer will head a financial controller, managers for distribution and production, and a technical chief.

Candidates must have run a business operation of sharp-end consumer goods type and have experience in high-league marketing. Farming background not necessary. Age 30s-40s.

Salary around £10,000. Benefits include car. Applications to Malcolm Patterson of Agro Management Consultants (692, Warwick Road, Solihull, West Midlands B91 3DX. Tel.: 021-704 1338.)

"*OH TEN or a dozen, mostly in* London though perhaps a couple in Reading," said Graham Elliott, personnel chief of the U.K. end of the software group Computer Analysts and Programmers. He was referring to the jobs currently open in the company.

These are for programmers experienced in large commercial systems to work as systems-analysts-cum-project managers; commercial computer all-rounders with recent database experience in IBM 360/370 to work as database consultants; software designers who have monkeyed around with on-line systems to work as software designers; and soundly experienced specialists in minicomputers.

All these offer salaries of towards £5,000 plus bonus.

Mr. Elliott (14-15, Great James Street, London WC1N 3DY—tel.: 01-242 0021) could also use a couple of computer folk demonstrably capable of advising companies on strategy, organisation and so on, to join CAP's management consultancy team. Salaries for these would be around £6,000.

THE MOST regular user of this column's free service—Professional and Executive Recruitment—is dealing with the final pair of jobs. Applications to consultant named at 4-5 Grosvenor Place, London, SW1X 7SB—tel. 01-235 7030.

The South Eastern Region of the Central Electricity Generating Board wants a solicitor or barrister to head legal and adminstrative team in London. Candidates must appreciate management aspects of legal work and be competent at drafting. Salary scale, under review, to £5,994. Geoff. Horobin, extension 232.

Ryman wants a finance controller in London. Main task is providing the financial director and other top managers with fast, right information for financial planning and control. Accountancy qualification a must, as is at least four years' appropriate experience, preferably including retail. Salary around £6,000. Marion Appel ext. 219.

COMPANY NOTICES

GERMAN GOVERNMENT INTERNATIONAL
5½% LOAN 1930 (YOUNG LOAN)
CONVERSION BONDS

The Trustee has informed the Bank of England that it is necessary to adjust the amounts payable in respect of the coupons and bonds due on or after the 1st. December 1967 in accordance with the provisions of the London Agreement on German External Debts of the 27th February 1953 [Annex 1, Paragraph 2 (e)].

The Trustee has advised the Bank of England that the question of the application of the exchange guarantee in the case of the revaluations of the Deutschemark of March 1961 and October 1969 and of subsequent currency adjustments remains unsettled. The rights of the bondholders with regard to that matter, therefore, remain reserved, irrespective of whether the coupons maturing on or after the 1st. June 1961 are presented for payment or not, and collecting agents should retain details of the holders of Conversion Bonds on whose behalf coupons are lodged.

Coupon No. 45

The Governor and Company of the Bank of England announce, therefore, that Coupon No. 45 due on the 1st. June 1975 in respect of six months' interest on the Conversion Bonds of the above-mentioned Loan will be paid at the decimal equivalent of the adjusted rate, which has been in force since the 18th Novembr 1967, under the provisions of paragraph 3 (d) of the Offer of the Federal Republic of Germany dated the 31st March 1954, subject to further possible adjustment at a later date. Accordingly, the rates applicable to interest will be as follows.

CONVERSION BONDS

Nominal Amount of Coupon	Actual Amount at which Coupon is payable
£ 2:15:—	£ 4.56
£13:15:—	£22.81
£27:10:—	£45.63

Note:—Collecting Agents should retain details of the holders of Conversion Bonds on whose behalf coupons are lodged.

Bank of England,
19th May 1975.

COMMERZBANK AKTIENGESELLSCHAFT

PAYMENT OF DIVIDEND

NOTICE IS HEREBY GIVEN to shareholders that following a resolution passed at the Annual General Meeting of shareholders held on 16th May, 1975 a Dividend for the year ended 31st December, 1974 will be paid, as from 19th May, 1975, of DM8.50 per share of DM50 nominal held, against presentation of Coupon No. 30 or lodgement of London Deposit Certificates for marking Square No. 24.

All dividend payments will be subject to a deduction of German Capital Yields Tax of 25%.

Coupons and London Deposit Certificates should be lodged with:—
S. G. WARBURG & CO., LTD.,
Coupon Department,
St. Albans House,
Goldsmith Street,
London, EC2P 2DL.
from whom appropriate claim forms can be obtained.

Coupons will be paid at the rate of exchange on the day of presentation.

Payment in respect of London Deposit Certificates will be made at the rate of exchange ruling on the day of receipt of the dividend on the equivalent shares deposited in Germany.

United Kingdom Income Tax will be deducted at the rate of 20% unless claims are accompanied by an affidavit. German Capital Yields Tax deducted in excess of 15% is recoverable by United Kingdom residents. The Company's United Kingdom Paying Agent will, upon request, provide Authorised Depositaries with the appropriate form for such recovery.

COMMERZBANK AKTIENGESELLSCHAFT
19th May 1975.

FLEMING JAPAN FUND, S.A.

NOTICE OF DIVIDEND

In accordance with Resolutions passed at the Annual General Meeting of the above Fund held on 14th May, 1975, a regular dividend of 11 cents per share and an extra dividend of 3 cents per share is to be distributed in respect of all shares of the Fund in issue on 14th May, 1975. This dividend will be payable on or after 22nd May, 1975, against presentation of Coupon NRC 5.

The paying agent is Kredietbank S.A. Luxembourgeoise, 37, Rue Notre Dame, Luxembourg.

COMMERCIAL UNION ASSURANCE COMPANY LIMITED

NOTICE IS HEREBY GIVEN that the Register of the Holders of the 7¾% Unsecured Loan Stock 1988/93 and the 5% Cumulative Redeemable Preference Shares of the Company will be CLOSED from Thursday, 2nd May, 1975, to Wednesday, 28th May, 1975, both dates inclusive, for the purposes of preparing interest and dividend warrants in respect of the half-year ending 30th June, 1975.

By Order of the Board.
C. R. HARRIS, Secretary.

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BANKING APPOINTMENTS

SENIOR ANALYST — ORGANISATION, RESEARCH & DEVELOPMENT
REQUIRED FOR LONDON BRANCH OF MAJOR AMERICAN BANK

The successful candidate will be a member of a department currently being established in the field of Organisation, Research and Development.

Whilst aptitude and attitude will be the determining selection criteria, applicants must be aged below 30 and experienced O & M systems project leaders who have seen at least one major project through to its conclusion. A minimum of 3 years' experience in the fields of organisational restructuring, functional rationalisation, office planning, feasibility studies, budgetary control systems and management services is essential. The commencing basic salary will be in the range **£4,000 - £4,500.**

The bank enjoys an excellent reputation in the City of London and is able to offer job security in the current economic climate. In addition to the basic salary there is a wide range of fringe benefits which is above average even for the Banking Industry.

Applicants should write immediately to Box No. RD.3272, c/o Extel Advertising & PR Services Ltd., Pemberton House, East Harding Street, London EC4A 3JD, with full details of their age, education, career history, current remuneration and how the job requirement is met. The names of any banks to whom the application should not be sent should be clearly printed on the back of the envelope. The bank will contact all candidates selected for interview within 7 days of receipt of their application.

Securities supervisor

£3500–£4000

An Associated Investment Company in the West End is seeking a Securities Supervisor who has in depth experience and knowledge of multi-currency security transactions.

The successful candidate will be responsible for the control of all computer input and output relating to security transactions, corporate actions and portfolio evaluations. Computer experience, though not essential, would be an advantage. As the position is of a supervisory nature we are looking for someone mature and responsible.

The starting salary will be between £3500–£4000 depending on experience. The fringe benefits include an annual bonus, free life insurance, pension and BUPA, low-cost mortgages, season ticket loans and Luncheon Vouchers.

Write, enclosing brief details of career to date, to Ron Binham, Morgan Guaranty Trust Company of New York, 33 Lombard Street, London EC3P 3BH.

Morgan Guaranty
Trust Company of New York

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Written applications with curriculum vitae and salary requirement should be sent to Mr. E. J. Ralphs, Personnel Officer, American Express International Banking Corporation, 52 Cannon Street, London, EC4P 4EY.

Initial interviews will take place in London during May.

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Apply in writing to Personnel Department, Chase Bank, Woolgate House, Coleman Street, London EC2.
Tel: 01-606 1834/5.

CHASE

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SENIOR CREDIT ANALYST £4000+
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Please refer to Kenneth Anderson (Director)

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A mature man is sought to join the active documentary credits department of an expanding City bank. In his late 20's or early 30's, he should have at least 5 years specialist experience.
Please refer to Kenneth Anderson (Director)

FOREIGN EXCHANGE to £3000
The recently established London office of a prominent European bank has an opening for a mature F.X. administrator in his 20's with sound experience of instructions/settlements.
Please refer to John Byrne (Director)

INTERNAL CONTROL £2900
An American bank is looking for a capable young man, experienced in bank accounting and foreign exchange, to fill a new position in its internal control section. His duties will include supervision of reconciliations and other accounting functions, and keeping a check on interbank dealing lines and position controls.
Please refer to Norma Given

Jonathan Wren & Co. Ltd., 15 Fish Street Hill, London, EC3R 6BP
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GENERAL MANAGER

required to start up and run joint English/Danish company in the insulation field. Marketing and financial experience essential. Knowledge of construction or allied industries useful. Must be capable of earning £10,000 p.a. and be ready to start almost immediately.
For appointment please phone Miss Fink, Scandinavian Homes, Winchester 69655.

General Manager-Banking

MIDDLE EAST — MINIMUM EQUIVALENT £10,000 p.a. TAX FREE

A new national bank seeks to appoint a General Manager to take full operational responsibility for the management and future development of the organisation. The bank, in which three major international banks will be minority shareholders, will have its headquarters in the United Arab Emirates.

Candidates, with previous experience of the Middle East, should have a proven record of success in commercial banking and preferably have a good working knowledge of Arabic.

It is unlikely that applicants earning less than £8,000 per annum will have the necessary experience. Fringe benefits are excellent and include a tax free salary, accommodation and car, and probably an incentive bonus.

Please write, giving full details of career to date to Box No. T.4111, Financial Times, 10, Cannon Street, London EC4P 4BY.

APPOINTMENTS WANTED

DEALER
25 years old

Ex member with seven years experience requires a position as a dealer with a member firm of the Stock Exchange.

Write Box T.4109, Financial Times, 10, Cannon Street, EC4P 4BY.

GENERAL MANAGER
(Carpet Trade)

Age 34. Used to high turnover. Seeks similar position in retail carpet organisation. Experience in all aspects of the trade including:
* Personnel
* Advertising/Publicity
* General administration of all branches
* Ordering of stock and stock control.

Salary negotiable. Write Box T.4110, Financial Times, 10, Cannon Street, EC4P 4BY.

OFFICIAL NOTICES

OFFICIAL NOTICES

The loss has been reported to us of two Warrants, details as under, and we have been requested to issue duplicate Warrants.

No. 157260— 17 BUNDLES NICKEL CATHODES—25.585 KILOS.
No. 157121—160 CASES MAGNESIUM —55.031 KILOS.

Anyone claiming to be entitled to these goods is invited to enter protest by means of Summons against the delivery of the goods or the issue of duplicate Warrants.

C. STEINWEG (HANDESVEEM B.V.),
P.O. Box 1068,
WILLEMSKADE 20,
ROTTERDAM.

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Entertainment Guide

OPERA & BALLET

COVENT GARDEN. 240 1911. THE ROYAL OPERA. Tonight & Thur. 7.30 King Priam: Bainbridge, Minton, Reynolds, Vaughan; Allen, Bowen, Devlin, Dobson, Lewis Robinson, Tear, Van Allen. Cond: Atherton. Tomor. & Fri. 7 Il trovatore. Wed. & Sat. 8 Elektra. Seats available except tomorrow & Fri.

GLYNDEBOURNE FESTIVAL OPERA. Until August 6 with the London Philharmonic Orchestra. Thur. 22 & Sat. 24 May at 5.30 The Cunning Little Vixen (Janacek); Sun. 25 & Tues. 27 May at 5.15 Yevgeny Onyegin (Tchaikovsky). Tkts. at £9.70, £10.80 & £11.90. For all perfs. any tickets at £10.80 or £11.90 left unsold at 10 a.m. on day before perf. will be offered at 2 for-the-price-of 1. Box Office: GLYNDEBOURNE, Lewes (Ringmer 812411) & Ibbs & Tillett, 124 Wigmore Street. (01-935 1010).

NEW LONDON. 405 0072. June 2-21. The Original TROCKADERO GLOXINIA BALLET COMPANY — The all-male ballerina company. Now booking.

SADLER'S WELLS THEATRE, Rosebery Ave, E.C.1. 837 1672. Evgs. at 7.30 THE GOTHENBURG BALLET. Tomor., Wed. & Sat. Triple bill. Thur. & Fri. Bournonville's Napoli. (Full length version.)

THEATRES

ADELPHI THEATRE. 01-836 7611. Evgs. 7.30. Mats. Thurs. Sat. 3.00. "JEAN SIMMONS returns in triumph." E.N. HERMIONE GINGOLD "Fabulous woman." D. Mirror. JOSS ACKLAND "Beautiful performance." Observer. A LITTLE NIGHT MUSIC. "MUSIC THAT RAVISHES THE SENSES A SHOW KISSED WITH GENIUS." Gdn.

ALBERY. 836 3878. Mon. to Fri. at 8.00. Sat. 5.15 and 8.30. Mats. Thurs. at 3.0. DOROTHY TUTIN, PETER EGAN, DOROTHY REYNOLDS. J. M. Barrie's Comedy WHAT EVERY WOMAN KNOWS. "Excellent. Outside subsidised theatres there is nothing to touch it in London." F.T. "Superb. A triumph." Dly. Mail. Last weeks. Must end here May 31.

ALDWYCH. 836 6404. Evgs. 7.30. Mat. Wed. Sat. 2.30. Last week of RSC in Shakespeare's LOVE'S LABOUR LOST. "No happier entertainment could be imagined." D. Tel. (must end Sat.): Tom Stoppard's award-winning TRAVESTIES (Opens May 29—red. price prevs. May 27 & 28). Theatre closed May 26. Recorded booking inf. 836 5332.

AMBASSADORS. 836 1171. Mon.-Thur. 8.15. Fri. and Sats. 6.30 and 8.45. £5 Theatre and Dinner £5. THERE GOES THE BRIDE. Top price ticket plus 3-course set dinner at a delightful nearby restaurant, with wine, coffee, service and VAT ALL INCLUDED, £5 per head. Price without dinner £2.50, £2.00 and £1.00. ALSO HINGE & BRACKET in a new Late Night revue SIXTY GLORIOUS MINUTES 11.15 p.m. to 12.15. (All seats £1.)

APOLLO. 437 2663. Evenings 8.0. Mats. Thurs. 3.00. Sats. 5.00 and 8.30. MARGARET LEIGHTON, ALEC GUINNESS in A FAMILY AND A FORTUNE.

ARTS THEATRE CLUB. 836 3334. Great Newport St. (Adj. Leic. Sq. Underground) Instant temp. membership available 15p. Evenings Tues. and Sun. at 8.0. King's Head Theatre Production KENNEDY'S CHILDREN. "THE PLAY IS FANTASTIC." Observer.

CAMBRIDGE. 836 6056. "MUSICAL HIT OF THE SEASON." E.N. Michael DENISON, Derek GRIFFITHS, Val PRINGLE, Norman BEATON in THE BLACK MIKADO. "TERRIFIC ENTERTAINMENT." S. Exp. Evgs. 8.00. Thurs., Sat. 5.30 and 8.30.

CHICHESTER. 0243 86333. Tonight and May 20, 21, 23 at 7.0, May 22, 24 at 2.0 and 7.00. CYRANO DE BERGERAC.

COLISEUM. (01-836 3161) WUSHU OF CHINA. Martial Arts from Peking. Opens Tonight for two weeks only. Evenings at 8. Mat. Sat. at 2.

COMEDY. 930 2578. Evs. 8. Sats. at 5.30 and 8.30. Mats. Thurs. 3. "The delectable HAYLEY MILLS." D.T. PETER DONAT, LEIGH LAWSON. "Samuel Taylor's Joyous Comedy." E.N. A TOUCH OF SPRING. "Effervescent direction by Allan Davis." F.T. "The AUDIENCE were WEAK with LAUGHTER." F.T. "THIS FROLIC IS SUCH FUN." E.N.

CRITERION. 930 3216. Mon. Thurs. 8.00. Fri. and Sats. 5.45 and 8.45. MARTY BRILL AS LENNY (Based on the life and words of Lenny Bruce) Limited season. Last week. Ends Saturday.

CRITERION. 930 3216. Red. pr. Prevs. May 28—June 4. Opens June 5 at 7. Subs. Evgs. 8. Sats. 5.30 & 8.15. GERALDINE McEWAN, RODERICK COOK, JAMIE ROSS "OH COWARD!" A musical comedy revue with words and music by Noel Coward.

DRURY LANE. 836 8108. Evenings 7.30. Matinees Wed. and Sat. 2.30. MICHAEL CRAWFORD in BILLY. A New Musical. "MICHAEL CRAWFORD, A WHOPPING WONDERFUL STAGE STAR." News of the World. "HE AND HIS SHOW ARE A TREAT." Sunday Express.

DUCHESS THEATRE. 836 8243. Evenings 8.00. Fri., Sat. 6.15, 9.00. ALIVE ON STAGE OH! CALCUTTA! OVER 1,500 PERFORMANCES. "BREATHTAKINGLY BEAUTIFUL." S. Tel. "THE NUDITY IS STUNNING." D. Tel.

DUKE OF YORK'S. 836 5122. Mon.-Fri. 8. Sats. 5 and 8. Weds. 2.30. Anna NEAGLE, Tony BRITTON, Alan GIFFORD in William Douglas Home's THE DAME OF SARK. "SUPERB." Harold Hobson. Season must end May 31.

FORTUNE. 836 2238. Evenings at 8.00. Sats. 5.30 and 8.30. Th. 2.45 red. prices. SLEUTH. "THE BEST THRILLER EVER." N.Y. Times. 6th GREAT YEAR.

GARRICK. 836 4601. Evgs. 8.0 SHARP. Sat. 5.00 & 8.30. Red. price Wed. 3.00. MURDERER by ANTHONY SHAFFER. "VASTLY ENTERTAINING BLEND OF COMEDY AND SUSPENSE. THIS ONE WOULD BE A CRIME TO MISS." Mirror.

GLOBE THEATRE. 437 1592. BEST PLAY OF THE YEAR. Evening Standard Drama Award. TOM COURTENAY in THE NORMAN CONQUESTS by ALAN AYCKBOURN. TABLE MANNERS Tnt. & Wed. 8.15. Sat. 5.30; LIVING TOGETHER Tomor. & Th. 8.15, Sat. 8.30; R'ND & R'ND THE GARDEN Wed. 3.0, Fri. 8.15.

GREENWICH. 858 7755. CHARADES. Tnt., tmr., Wed. 8.0. A JOURNEY TO LONDON: Thur., Fri. 8.0. Sat. 2.30 & 8.0 THE BORAGE PIGEON AFFAIR.

HAYMARKET. 930 9832. Evenings 7.45. Mat. Wed. 2.30. Sat. 4.30 and 8.00. JOHN CLEMENTS in Roland Miller-C. P. Snow's THE CASE IN QUESTION. "An excellent evening's entertainment . . . an enthralling story." —Harold Hobson, Sunday Times.

HER MAJESTY'S. 930 6606. Last week. Evgs. 7.30. Mat. Wed., Sat. 2.30. DAVID HEMMINGS in JEEVES with MICHAEL ALDRIDGE. Book and Lyrics ALAN AYCKBOURN. Music ANDREW LLOYD WEBBER. "Full of gaiety intelligent wit and joyous self-mockery."—Sunday Times. HAIR Opens June 7. Now booking.

KING'S ROAD THEATRE. 352 7488. Mon. to Th. 9.00. Fri., Sat. 7.30, 9.30. THE ROCKY HORROR SHOW. "BEST MUSICAL OF THE YEAR." Evening Standard Drama Award '73.

LYRIC. 437 3686. Evenings 8.00. Fri. 8.30. Thurs., Sat. 5.00 and 8.30. JOHN, PAUL, GEORGE, RINGO . . AND BERT. Evening Standard Award—BEST MUSICAL OF THE YEAR. Plays and Players Award—BEST MUSICAL OF THE YEAR.

MAY FAIR. 629 3036 and 493 2031. Evening 8.15. Sat. 5.00 and 8.40. BILLIE WHITELAW, BARBARA FERRIS and DINSDALE LANDEN in ALPHABETICAL ORDER. "Michael Frayn's comedy is a delightful experience." Evening Standard.

MERMAID. 248 7656. Rest. 248 2835. Evenings 8.00. Mat. Thurs., Sat. 3.00. Bernard Shaw's THE DOCTOR'S DILEMMA. "IMPECCABLE PRODUCTION." D. Exp. "SPLENDID ENTERTAINMENT." D.Mir. "GORGEOUS AND FUNNY." Guardian.

OLD VIC. THE NATIONAL THEATRE. 928 7616. Tonight at 7.30: Henrik Ibsen's JOHN GABRIEL BORKMAN. Tomor. & Wed. 7.30 Thursday 2.15: HEARTBREAK HOUSE. Thursday at 8.00: HAPPY DAYS. Friday 7.30 Sat. 2.15 & 7.30: NO MAN'S LAND. Some seats held for sale day of performance from 10 a.m. Now booking to 31 July. Telephone bookings suspended until to-morrow.

OPEN SPACE. 580 4970. (Temp. Membership). Measure for Measure. Adapted and directed by Charles Marowitz. World Premier Wed. May 28 at 7. Subs. Tues. at 8.

PALACE. 437 6834. Mon.-Thur. 8.00. Fri. and Sat. 6.00 and 8.40. JESUS CHRIST SUPERSTAR.

PALLADIUM. 437 7373. Evenings 7.30. Mats. Wed., Sat. 2.45. TOMMY STEELE IN LONDON'S MOST BEAUTIFUL MUSICAL HANS ANDERSEN. "SUMPTUOUS SPECTACLE. SPLENDID SONGS. IT'S WONDERFUL." D. Exp.

PHOENIX. 836 8611. Last week. Evgs. 8.00. Sat. 5.30 and 8.30. HARRY WORTH "A comedian of boundless charm"—D. Telegraph. AVRIL ANGERS in "NORMAN, IS THAT YOU?" "A steady line of laughs." F. Times.

PHOENIX. 836 8611. From May 27 at 7.0. Subs. 8.0. Sat. 5.30. 8.30 until June 7 MIRIAM KARLIN in DIARY OF A MADAME; comm. June 10: GODSPELL.

PICCADILLY. 437 4506. Evgs. 8. Sats. 5.30 and 8.30. Mat. Wed. at 3. JIMMY JEWEL, ALFRED MARKS in NEIL SIMON'S THE SUNSHINE BOYS. "Audience rocking in their chairs"—D. Express. "A laugh a minute." D. Tel. "Continuous laughter." E. Std.

PRINCE OF WALES. 930 8681. Evenings 8.00. Mats. Wed., Sat. 3.00. JAMES STEWART in HARVEY. "Heartwarming Triumph." E. News. LIMITED SEASON ONLY.

QUEEN'S. 734 1166. Evgs. 7.30 sharp. Mat. Thurs. 2.30. Sat. 4.45 and 8.15. JOAN PLOWRIGHT, FRANK FINLAY. SATURDAY SUNDAY MONDAY. Directed by FRANCO ZEFFIRELLI. Last two weeks—Must end May 31.

RAYMOND REVUEBAR THEATRE. 734 1593. At 7 p.m., 9 p.m., 11 p.m. PAUL RAYMOND presents THE FESTIVAL OF EROTICA '75.

REGENT. 323 2707. Evgs. 8.30. Fri., Sat. at 7.00 and 9.15. 10th MONTH OF SENSATIONAL STAGE SHOW OF THE '70s. LET MY PEOPLE COME. AN ADULT MUSICAL. "Never a dull moment." Evening News. 100 tickets held for sale at door.

ROUND HOUSE. 267 2564. June 3-21. Jeremy Irons, Zoe Wanamaker. THE TAMING OF THE SHREW.

ROYAL COURT. 730 1745. JOE ORTON FESTIVAL. Evs. 8. Sats. 5 and 8.30. Last week. BERYL REID, MALCOLM McDOWELL, RONALD FRASER. ENTERTAINING MR. SLOANE. "Measureless joy." Daily Mail. "Hilarious." Evening Standard. Trans. to Duke of Yorks June 2. LOOT: Opens May 28.

SAVOY. 01-836 8888. Evenings 8.00. Sat. 5.00 and 8.15. "ALASTAIR SIM at his best." D. Tel. RON MOODY, DANDY NICHOLS. THE CLANDESTINE MARRIAGE. Directed by IAN McKELLEN. All Wed. Mats. Cancelled.

SHAFTESBURY. 836 6596. Mon.-Fri. 8.0. (Mat. Friday 5.00. Reduced 75p-£1.50) Sat. 5.30 and 8.30. WEST SIDE STORY. "Bursting to life with undiminished theatrical excitement." S. Tel. "A definite winner. I strongly recommend it." F.T. "Miracle." Guardian. "Brilliant." S. Tel.

SHAW. 01-388 1394. Evenings 7.30. JULES CROISET in A CERTAIN VINCENT. A portrait of Van Gogh. "TRIUMPHANT." The Times.

ST. MARTIN'S. 836 1443. Evenings 8.00. Mats. Tues. 2.45. Sats. 5.00 and 8.00. Agatha Christie's THE MOUSETRAP. World's longest-ever run. 23rd YEAR.

STRAND. 836 2660. Evenings 8.00. Mats. Thurs. 3.00. Sat. 5.30 and 8.30. DORIS HARE, LEO FRANKLYN, RICHARD CALDICOT, ANDREW SACHS. NO SEX PLEASE, WE'RE BRITISH. LONDON'S LONGEST LAUGHTER HIT.

TALK OF THE TOWN. 01-734 5051. From 8.15. Dining and Dancing. At 9.30 Revue A TOUCH OF VENUS and at 11 p.m. DICKIE HENDERSON.

VAUDEVILLE. 836 9988. Evenings 8.0. Mat. Tues. 3.00. Sats. 5.30 and 8.40. MILLICENT MARTIN, AMANDA BARRIE in ALAN AYCKBOURN'S ABSURD PERSON SINGULAR. Best Comedy of Year, E. Std. Award '73.

VICTORIA PALACE. 834 1317. Evgs. 6.00. Wed., Sat. 6.00 and 8.45. MAX BYGRAVES in "SWINGALONGAMAX." New Song and Laughter Spectacular with Rogers and Starr, Bobby Crush, Denise Keene and Happy and Full Co.

WESTMINSTER. 834 0283. Evgs. 8.0. Fri. and Sat. 5.30 and 8.30. NIGEL PATRICK, DULCIE GRAY, PETER SALLIS, PETER VAUGHAN, BRIAN WILDE in Hit Thriller THE PAY OFF. "Immensely enjoyable. Undiluted pleasure. Witty, exciting." Sunday Times.

WHITEHALL. 930 6692-7765. Evgs. 8.30. Wed. and Sat. 6.15 and 8.45. PAUL RAYMOND presents THE CONFESSIONS OF A SEX STAR SNATCH 69. FANTASTIC, HILARIOUS, EROTIC ENTERTAINMENT.

WINDMILL THEATRE. 437 6312. PAUL RAYMOND presents FIONA RICHMOND in LET'S GET LAID. Twice Nightly at 7.00 and 9.00.

WYNDHAM'S. 836 3028. Evenings at 8. Sat. 5 and 8.30. Mats. Wed. 3.00. "PAUL SCOFIELD as Prospero SHOULD NOT BE MISSED ON ANY ACCOUNT." B. A. Young, Financial Times. (Limited Season.) THE TEMPEST.

YOUNG VIC (by Old Vic). 928 6363. MUMMENSCHANZ. "Absurd, satirical, polished hilariously funny." Daily Tel.

CINEMAS

ABC 1 & 2, SHAFTESBURY AVE. 836 8861. Sep. Perfs. ALL SEATS BKBLE. 1: THE GODFATHER PART II (X). Wk. & Sun. 2.45, 8.00. 2: MURDER ON THE ORIENT EXPRESS (A). Wk. & Sun. 2.30, 5.30, 8.30.

CASINO. 437 6877. MONTY PYTHON AND THE HOLY GRAIL (A). Progs. at 1.45, 3.20, 5.40, 8.05. Late Sat. 11.30.

CURZON, W.1. 499 3737. Bunuel's PHANTOM OF LIBERTE (X). Progs. 2.25, 4.25, 6.30, 8.40. Last three days.

LEICESTER SQUARE THEATRE. 930 5252. See! Hear! Feel! TOMMY (AA). The film event of the year. Sep. perfs. 1.20, 4.30, 8.00. Sun. 4.30, 8.00. Late show Fri. and Sat. 11.15. All seats bkble. on 930 0416.

ODEON HAYMARKET. (930 2738-2771.) Warren Beatty, Julie Christie, Goldie Hawn in SHAMPOO (X). Sep. perfs. wk. 1.15, 4.45, 8.15. Shampoo at 1.55, 5.30, 8.55. All seats bkble.

ODEON MARBLE ARCH. (723 2011-2.) Streisand & Caan FUNNY LADY (A). Sep. perfs. wk. 2.45, 8.00. All seats bkble.

ODEON LEICESTER SQUARE. (930 6111.) David Niven, Toshiro Mifune, Hardy Kruger, introducing Ando, PAPER TIGER (A). Cont. Progs. Wk. 2.00, 3.45, 6.00, 8.15. Royal Circle seats bkble.

ODEON ST. MARTIN'S LANE. (836 0691-1811). DAUGHTERS DAUGHTERS (A) (subtitled). Sep. perfs. wk. 2.30, 5.30, 8.30.

PARIS PULLMAN CINEMA. South Ken. 373 5898. A BIGGER SPLASH (X). Daily 2.15, 4.30, 9.00. Progs. 2.15, 4.15, 5.30, 6.45.

PLAZA 1 & 2, Lower Regent St. (formerly Paramount & Universal). All seats bookable. THE GODFATHER PART II (X). Daily including Sundays. PLAZA 1 Progs. 2.45, 7.30; PLAZA 2 Progs. 2.15 (7.15 Tonight all seats sold).

PRINCE CHARLES, Leic. Sq. 437 8181. The Sensation of London . . . EMMANUELLE (X). Sep. perfs. Dly. (inc. Sun.) 2.45, 6.15, 9.00. Late Show 11.45, Fri. and Sat. Seats Bkble. Lic'd Bar.

SCENE 2, Leic. Sq. (Wardour St.) 439 4470. Cont. Perfs. Dly. from 12.30. Ite Show 12.05 (inc. Sun.) YOUNG FRANKENSTEIN (AA). Progs. 12.30, 2.45, 5.05, 7.25, 9.45, 12.05.

SCENE 3, Leic. Sq. (Wardour St.) 439 4470. THE TOWERING INFERNO (A). Sep. Perfs. Dly. (inc. Sun.) 2.00, 5.20, 8.40, 11.45. Seats Bkble.—All Perfs.

SCENE 4, Leic. Sq. (Wardour St.) 439 4470. 2nd YEAR. The Film Everybody's Talking About. THE EXORCIST (X). Directed by William Friedkin. Sep. Perfs. Daily 12.30, 3.00, 6.15, 9.00, 11.30. Box Office Open Daily 10-8. Sun. 12-8. Seats Bookable—All Perfs.

TIME CENTA (1). 935 9772. A BIGGER SPLASH (X). Dly. 1.00, 3.00, 5.00, 7.00 and 9.00. Late show eery night 11 p.m.

WARNER WEST END, Leicester Square. Tel: 439 0791.
1. IT'S ALIVE (X). Cont. Progs. 2.40, 4.35, 6.35, 8.35.
2. Steve McQueen, Paul Newman THE TOWERING INFERNO (A). Sep. Perfs. 1.15, 4.35, 8.05. £1.60 seats bkble.
3. Jack Lemmon, Anne Bancroft THE PRISONER OF 2ND AVENUE (A). Sep. Perfs. 2.30, 5.30, 8.30. All seats bkble.

ART GALLERIES

ANTHROPOS GALLERY. Specialists in Ethnic Arts. 7 Monmouth Street, Upper St. Martin's Lane, WC2. 01-835 0162. *Europe's finest collection of* New Guinea-Papuan and Eskimo Art. A new exhibition Mon.-Wed. 10-8. Thurs.-Sat. 10-12 midnight. Sun. 1-7.

ROYAL ACADEMY SUMMER EXHIBITION. Contemporary paintings sculptures, etc. Until 27 July. Wkdys. 10-6. Suns. 2-6. Adm. 60p (Monday 30p). And the PRIVATE ROOMS AND COLLECTED TREASURES. Until 31st Oct. Wkdys. 10-6 (closed Tuesday). Sun. 2-6. Adm. 50p. Students and pensioners half price.

BRIAN KOETSER GALLERY, 38, Duke St. St. James's, S.W.1. 01-930 6309. Exhibition of Dutch and Flemish Old Master Paintings of the 16th and 17th Centuries. Until 21 June. Mon.-Fri. 10.00-5.30. Sats. 10-1.

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FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
"Shorts" (Lives up to Five Years)						
15F	15A	Savings 3pc '65-75‡‡	98¼	9.1	3.05	9.60
1M	1S	Exch. 6½pc 1976‡‡	97½	25.1	6.67	9.79
15F	15A	Treasury 6½pc 1976‡‡	96¼	9.1	6.75	9.76
1M	1S	Victory 4pc 1976‡‡	98½	23.1	4.08	—
14J	14D	Treasury 10½pc 1976‡‡	100⅞xd	8.5	10.46	10.26
10M	10S	Treasury 6¾pc 1977‡‡	95	3.2	6.70	10.44
15M	15S	Electric 3pc '74-77	90⅝	6.2	3.31	8.64
26M	26S	Treasury 11½pc '77‡‡	101	17.2	11.35	10.80
15M	15N	Treasury 3pc '77‡‡	86½xd	8.4	3.47	9.17
20J	20D	Transport 4pc '72-77	87⅛xd	14.5	4.59	9.76
15M	15S	Treasury 9pc 1978‡‡	94	6.2	9.52	11.25
15M	15S	Treasury 9pc '78 'A'‡‡	94	—	9.52	11.27
14J	14J	Treasury 10½pc '78‡‡	97	—	10.73	11.33
26M	26S	Exchequer 5pc '76-78‡‡	84⅞	17.2	5.89	10.44
9M	9S	Treasury 11½pc '79‡‡	100⅛	31.1	11.49	11.43
17M	17S	Treasury 3pc '79‡‡	76½	10.2	3.93	9.81
26M	26S	Electric 4¼pc '74-79	78¾	17.2	5.40	10.43
1M	1N	Treasury 10½% '79‡‡	97xd	25.3	10.80	11.31
15M	15N	Electric 3½pc '76-79	77xd	8.4	4.54	9.97
3M	3S	Treasury 9pc 1980‡‡	91¾	27.1	9.81	11.25
Five to Fifteen Years						
15J	15D	Treasury 3½pc '77-80	74⅝xd	9.5	4.67	9.92
15J	15D	Funding 5¼pc '78-80‡‡	79xd	9.5	6.61	10.61
15F	15A	Treasury 3½pc '79-81	72⅝	9.1	4.88	10.09
15J	15J	Do 8¾pc '80-82‡‡	87⅝	9.12	10.03	11.87
17M	17S	Treasury 12pc 1983‡‡	99½	10.2	12.32	12.50
15J	15J	Funding 5½pc '82-84‡‡	72¾	9.12	7.76	10.74
10J	10J	Treasury 8½pc '84-86‡‡	81	4.12	10.90	12.15
1M	1N	Funding 6½pc '85-87‡‡	66⅝xd	25.3	9.80	11.83
26J	26J	Treasury 7¾pc '85-88‡‡	71¼	20.12	11.26	12.76
1J	1J	Transport 3pc '78-88	41¾	25.11	7.39	12.17
15A	15O	Treasury 5pc '86-89	50¼	10.3	10.04	12.66
Over Fifteen Years						
15J	15D	Treasury 8¼pc '87-90‡‡	66⅝xd	9.5	12.27	13.36
5A	5O	Funding 5¾pc '87-91‡‡	51	3.3	11.43	13.36
14J	14J	Treasury 12½pc '92‡‡	90¼	—	14.21	14.37
15M	15S	Funding 6pc 1993‡‡	48¾	6.2	12.58	13.97
17M	17N	Treasury 9pc '94‡‡	64¾xd	10.4	13.91	14.46
1M	1N	Gas 3pc '90-95	30¼xd	25.3	9.97	12.72
15M	15N	Treasury 12¾pc '95‡‡	88	8.4	14.51	14.62
15M	15S	Treasury 9pc '92-96‡‡	65⅛	6.2	14.17	14.55
1A	1O	Redp. 3pc '86-96	29¾	24.2	10.22	12.61
1M	1S	Treasury 8¾pc 1997‡‡	63⅛	23.1	14.29	14.67
1M	1N	Treasury 6¾pc '95-98‡‡	49	25.3	13.87	14.50
15J	15J	Treasury 9½pc 1999‡‡	69	9.12	14.44	14.70
14J	14J	Funding 3½pc '99-04	26⅛	9.12	13.00	13.77
5A	5O	Treasury 8pc '02-06‡‡	56	3.3	14.54	14.66
10M	10S	Treasury 5½pc '08-12‡‡	39¼	3.2	14.44	14.55
26J	26J	Treasury 7¾pc '12-15‡‡	55⅛	20.12	14.70	14.73
Undated						
1F	1A	Consols 4pc	27¾	27.12	15.27	—
1J	1D	War Loan 3½pc‡‡	23½xd	25.4	14.82	—
1A	1O	Conv. 3½pc '61 Aft.	24¼	24.2	14.41	—
5A	5O	Treasury 3pc '66 Aft.	20	3.3	15.27	—
5J A.J.O.		Consols 2½pc	16¼	5.3	15.20	—
1A	1O	Treasury 2½pc	16⅝	24.2	15.34	—

**INTERNATIONAL BANK

15F.	15A.	5pc Stock '77-82	65¼	17.1	7.82	12.73
31J.	31J.	8pc Stock 1976	96	3.1	8.33	11.60

**CORPORATION LOANS

1F.	1A.	Birm'ham 9¾pc '79-81	83½	2.2	11.43	13.95
1F	1A	Bristol 6½pc '75-77	90	17.1	7.22	13.14
30J	31D	Essex 5¼pc '75-77	86½	29.11	6.36	12.94
11F	11A	G.L.C. 6¾pc 1976	93⅜	13.1	7.23	12.63
15A	15F	Do 7pc 1977	88½	15.1	8.19	13.30
22M	22N	Herts 5¼pc '78-80	69½xd	22.4	7.54	13.84
10M	10S	Liverpool 7pc '76-77	88	10.2	7.95	13.10
15M	15N	Do 9¾pc '80-84	83½xd	15.4	11.72	12.89
10F	10A	Lon. Corp 6½pc '75-78	82¼	10.1	7.91	13.41
1A	1O	Do 9¼pc '84-85	75½	3.3	12.43	13.98
8F	8A	L.C.C. 6pc '73-78	83	8.1	7.23	13.61
15M	15S	Do 5½pc '77-81	66¼	17.2	8.44	13.87
15J	15J	Do 5½pc '82-84	58	16.12	9.78	14.17
11J	11D	Do 5½pc '85-87	49xd	12.5	11.17	14.49
10J	10J	Do 6¾pc '88-90	53	10.12	13.38	15.11
1M.J.S.D.		Do 3pc '20 Aft.	17¾	1.5	16.76	—
1J	1D	Middx. 6¼pc '75-77	85¾	1.5	7.29	13.00
15M	15S	Do 5¼pc 1980	70	17.2	7.50	13.96
10Mr	10S	Newcastle 9¾pc '78-80	84	10.2	11.23	14.05
15My	15N	Warwick 12½% 1980	99¼	—	12.62	12.75

COMMONWEALTH & AFRICAN LOANS

15A	15O	**Aust. 6pc '74-76	93¼	14.3	6.47	11.63
1A	1O	**Do. 5½pc '75-78	81½	28.2	6.80	12.61
1J	1J	**Do 5¾pc '77-80	76½	29.11	7.38	12.98
1A	1O	**Do. 5½pc '81-82	66¾	28.2	8.36	13.11
15J	15D	East Afr 5¾pc '77-83	59¼	15.5	10.19	15.17
1M	1S	Jamaica 7pc '76-78	81⅛	31.1	8.78	14.97
15F	15A	Kenya 5pc '78-82	59½	15.1	8.58	15.02
11J	11D	**N.Z. 4pc 1976-78	77¼xd	12.5	5.16	11.89
28F	28A	**Do 6pc '76-80	76	28.1	8.03	13.26
15J	15D	**Do 7½pc '83-86	64¼xd	15.5	11.55	13.77
15J	15J	**Sth. Rhd. 6pc '78-81	74¼	16.12	8.31	13.05
15J	15J	**Nyasa 6pc '78-81	72¼	16.12	8.55	13.68
1J	1J	**Sth. Afr. 5½% '74-76	95	29.11	5.92	12.29
1M	1N	**Do. 9½pc '79-81	86	25.3	11.12	12.81
1A	1O	Sth. Rhod. 2½pc '65-70	38	3.66	—	—
7F	7A	Do 4½pc '87-92	29	1.66	—	—
15J	15J	Do 6pc '78-81	54	12.65	—	—
1M	1S	Tang'ka 5½pc '78-82	62	31.1	9.45	15.16

LOANS (MISCEL.)

1J	1J	**Agric. Mt. 5pc '59-89	44	2.12	11.91	15.07
30J	31D	Alcan 10½pc '89-94	69½	11.11	15.99	16.44
30S	30J	FFI 13pc '81 (£80 pd.)	54	—	14.07	15.03
15M	15N	Do. 14pc 1979	102xd	21.4	13.72	13.39
28F	31A	ICFC 8¾% Ln '92-97	56¾	27.1	16.15	16.66

[illegible]

FOREIGN BONDS & RAILS

[illegible]

U.S. $ DM Prices exclude inv. $ premium

AMERICANS

[illegible]

S.E. List Premium 77¾% (based on $2.3950 per £)

CANADIANS

[illegible]

S.E. List Premium 77¾% (based on $2.3819 per £)

Conversion factor 0.5618 (0.5554)

††BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER & ROADS

[illegible]

BUILDING INDUSTRY—Continued

[illegible]

CHEMICALS, PLASTICS

[illegible]

CINEMAS, THEATRES AND TV

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Continued

[illegible]

ELECTRICAL AND RADIO

[illegible]

ENGINEERING, MACHINE TOOLS

[illegible]

ENGINEERING—Cont.

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

HOTELS AND CATERERS

[illegible]

HOTELS—Continued

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

مكتبة الأصل

هكتامن الأصل

INDUSTRIALS—Continued

INSURANCE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPBUILDERS, REPAIRERS

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

Finance, Land, etc.

OILS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

TRUSTS—Continued

MINES

CENTRAL RAND

EASTERN RAND

FAR WEST RAND

O.F.S.

FINANCE

DIAMOND AND PLATINUM

CENTRAL AFRICAN

AUSTRALIAN

TINS

COPPER

MISCELLANEOUS

Dividends Paid	Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's
—	Burma Mine 17½p	8	4'61	m0.5	—	17
—	Charterhall 5p	30	3'67	—	—	—
—	Colby Mines $1	75¢	—	—	—	—
Aug. Feb.	Cons. Murch. 10c	690	24.12	Q130c	2.2	12 1
— —	Lanrasia	39½	—	—	—	—
—	NRD $1	16	—	—	—	—
July	Northgate C$1	330	30.9	Q65c	1.0	8.5
Jan. June	R.T.Z.	205	21.4	19.9	4.4	3.8
—	Sabina Inds. C$1	112	—	—	—	—
—	Stanford Mines R	65	—	—	—	—
—	Tara Explo. $1	£11¾	—	—	—	—
— —	Yukon Cons C$1	67	11'65	—	—	—

NOTES

Unless otherwise indicated, prices are in pence, denominations are 25p and dividends are in net percentage terms. Estimated price/earnings ratios and covers adjusted to corporation tax of 52 per cent. on imputation system and 35 per cent. ACT. P/Es calculated on "net" distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields, assuming maintenance of net dividends on increased ACT, are based on middle prices, are gross and allow for value of declared distributions and rights.

Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- ▲ Sterling denominated securities which include investment dollar premium.
- ■ "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents.
- ◆ Figures or report awaited.
- †† Banks and Insurance: reserve allocations may preclude calculation of dividend cover.
- ♯ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ** Free of Stamp Duty
- ◆ Merger bid or reorganisation in progress.
- ◆ Not comparable.
- ◆ Same interim: reduced final and/or reduced earnings indicated.
- § Based on 1973 profits
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend
- ‡ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ▼ Excluding a final dividend declaration.
- ✠ Regional price.
- II No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment. Cover does not apply to special payment.

A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. G Assumed dividend and yield after pending scrip and/or rights issue. M Figures based on prospectus or other official estimates for 1973-74. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution

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FINANCIAL TIMES
Monday May 19 1975

Schlesinger warning to North Koreans

BY PAUL LEWIS, U.S. EDITOR

WASHINGTON, May 18.

THE U.S. Defence Secretary, Dr. James Schlesinger, warned North Korea to-day that the U.S. would react vigorously if it tried to take advantage of America's defeat in Indochina to launch another attack on the South.

Dr. Schlesinger said the U.S. would react "more vigorously" than it had been inclined to do in the Vietnam war. The lesson of that conflict, he said, was that the U.S. should avoid "ancillary operations" and strike right at the heart of an opponent's power.

He doubted that Washington would feel the same constraints about avoiding heavy bombing and blockades than it did in Vietnam.

But as the Defence Secretary was making clear that the U.S. would not tolerate any fresh trouble in Korea, he also admitted that the cost of the recovery of the Mayaguez was likely to prove very much higher than first thought.

The latest casualty list, Dr. Schlesinger said, shows that five American servicemen were killed in the abortive assault on Koh Tang island, while another 16 were still missing and between 70 and 80 were wounded.

Dr. Schlesinger's warning to North Korea is by far the strongest any senior Administration has made since the fall of Saigon, and it underscores the concern felt here that the Communists may try now to make fresh trouble for the South. The Ford Administration is determined to maintain its commitment in Korea.

Asked about protests by Thailand about use of bases there, Dr. Schlesinger said it was necessary for the U.S. to take the action it did. He defended the operation against charges that U.S. bombers attacked the Cambodian mainland after the Mayaguez crew had boarded the destroyer Wilson which took the freighter to safety. "In all, some 15 tactical air sorties were directed against the mainland ... this was a very prudent, limited use of force. The motivation was clearly to protect the marines on the island."

Schlesinger's statement followed a claim by Radio Phnom Penh that more than 30 U.S. marines were killed or wounded and that five helicopters were shot down. A broadcast, monitored in Bangkok by UPI, claimed that Cambodian troops had saved the crew of the Mayaguez from being killed by the attacking U.S. aircraft. It repeated the assertion that the crew had already been freed before the Americans attacked. (Dr. Kissinger said that diplomatic efforts to free the ship had failed.)

In Thailand yesterday several thousand students demonstrated and burnt an effigy of Uncle Sam outside the U.S. embassy in Bangkok yesterday. The demonstration was a protest against American use of the U-Tapao air base as a launching pad to rescue the Mayaguez. The students also replaced the emblem of an eagle outside the embassy gate with a cartoon of a vulture.

The demonstration went on all weekend, with 10,000 students gathered in the road at its height. The leaders, shouting a torrent of anti-American speeches, said they would stay outside the embassy until Washington had apologised for using the base.

Under pressure from the students, the Foreign Minister, Major-General Chartchai Choonhaven, sent a message to the cheering demonstrators that if Washington had not apologised in writing by Tuesday night he would immediately recall the Thai ambassador in the U.S.

Many observers think that the Thai Government would be satisfied with an apology, but the presence at the demonstration of the leading student figures who triggered off the troubles that brought the downfall of the Thai military regime in October, 1973, illustrated how delicate the situation was for the new Administration.

Planning agreements with big exporters urgent, says report

BY OUR LABOUR STAFF

THE Government should conclude planning agreements with Britain's leading exporting companies "as a matter of extreme urgency" and should, if necessary, use its powers of price control to make the policy bite, according to a joint recommendation of the research departments of the Labour Party and the TUC.

The paper will be discussed to-day by the TUC-Labour Party liaison committee, of which Prime Minister Harold Wilson is a member.

The paper also suggests that the funds available for the National Enterprise Board should be increased from the £1bn. foreseen at the moment to as much as £6bn. over five years to make good shortfalls in private investment.

It repeats the controversial idea, first publicly aired by Mr. Anthony Wedgwood Benn, Industry Secretary, that financial institutions, such as pension funds, should be required to invest a certain proportion of their holdings in manufacturing industries.

Mr. Wilson, who has been at pains recently to disassociate the Government from some of the policies advocated by Mr. Wedgwood Benn, is expected to give an extremely cool reception to most of the paper's suggestions.

The main thrust of the proposals is to increase Government influence over industry through a strengthened and streamlined planning machinery in order to increase investments.

The British investment problem was such that it could not be solved by increasing profit margins. "There is little evidence that workers, or the electorate in general, will favour a policy which sees a return to pricing policies which again provide a high level of retained profits," the paper says.

Investment strategy, it argues, must fit into a coherent, overall economic plan. For this purpose, it suggests that consideration should be given to the establishment within Whitehall of a Strategic Economic Planning Unit, which would operate in close touch with both sides of industry.

Apart from giving the National Enterprise Board more funds, "aggressive use" should be made of its stake in profitable private industry to expand investment, the paper argues.

THE LEX COLUMN

Money, prices and gilt-edged

The mid-April money supply figures continue to show that the narrowly-defined M1 is rising only slightly behind inflation—at an annual rate of 17 per cent. in the latest three months—whereas the broader-based M3 is lagging way behind. But this is by no means the whole story bearing in mind, for instance, the cascade of cash into the building societies, helped by the steps the clearing banks have been taking to slash their deposit rates. And the sharp jump in bank lending to the public sector in a month when domestic investors were slight net sellers of gilts is a reminder of the money supply pressures that will build up if the gilt-edged market remains unreceptive for any protracted period.

From the authorities' point of view, however, the fixed interest market has taken a marked turn for the better in the past couple of weeks. Once the shakeout between late March and early May—taking the longs down a tenth, or about two-fifths of the total rise since January—was over, demand began to appear again. Oddly, given the rampant inflation rate, appetites have been keener towards the long end, where little stock has been issued this year, than in the shorts which have been very heavily supplied and which may have been influenced to a greater extent by the recent sterling and money market upsets. Perhaps for exchange rate reasons, the Government Broker has apparently preferred to hold prices down by readily supplying stock, rather than tempting the market upwards as he did in January.

The general picture is that gilts remain as delicately poised as ever between the recessionary forces—which are causing money to burn holes in institutional pockets—and the evidence of accelerating inflation which suggests that the real negative return for net funds will soon approach 20 per cent. per annum. If sterling can be temporarily restabilised at 25 per cent. depreciation the continuing fall in world interest rates might tip the scales in favour of the bulls in the very short term. But a renewed advance by gilts would be accompanied by very high risks.

Brazil

The Rio de Janeiro index has risen by about a tenth in the last ten days following the publication of the rules for the long-awaited admission of foreign capital on to the countries' stock exchanges. But for the outside investor, Brazil is unlikely to be another Hong Kong. The Brazilian authorities are treading warily: all money will have to be channelled through closed end funds run by local investment banks while it will only be possible to withdraw capital after three years, and then only at a rate of 20 per cent. every six months.

Brazil wants to avoid any danger of the control of key companies passing abroad, so the funds will not be allowed to own more than 10 per cent. of any company's shares. They will also not be permitted to invest in the financial sector, while they must have at least half their holdings in domestic companies controlled neither by the State nor by foreigners.

These restrictions—particularly on withdrawal—may limit the initial response, but some U.K. groups have already linked with Brazilian investment banks. One group includes James Capel, Henderson Administration and Banco Bozano Simonsen, while another takes in Vickers da Costa, a number of investment trusts, and Banco La-Brasileiro.

Estimates of the initial foreign investment vary between $100m. and $300m., which could act as quite a stimulus on the market, which in real terms only stands at about a quarter to a fifth of the 5,200 mid-1971 peak on the Rio BV index. An annual growth in earnings of a quarter or more in real terms for some leaders means that many p/e's are in low single figures.

But there is an obvious question mark against marketability, when only four stocks—Petrobras, Banco do Brasil, Vale do Rio Doce and Belgo-Mineira—account for about half the market turnover. Among the favoured sectors are steels, stores, breweries and certain local offshoots of foreign groups. Despite the traditional volatility of the market, few in London expect any spectacular growth in the short term, but point in the longer run to the rapid rate of economic expansion—projected at 6 to 7 per cent. even for 1975—and a forecast rate of inflation likely to be below Britain's this year—though military rule is not, of course, to everyone's taste.

Hammerson

Hammerson believes that its immediate future lies as a rent collector and property manager rather than as a developer. The news is that it is cutting back not only in the U.K. but also overseas, and the comments about the worldwide shortage of development finance and the impact of the U.S. recession on rents geared to turnover show the other side of the enthusiasm for property abroad. So the relevant influence now is the growth potential of existing investments. For what it's worth, just over a half the portfolio at cost was revalued last December at an average yield of 8.97 per cent.—probably more than a point higher than the current rate. On the other side, all but £2.84m. of long-term debt of £135.89m. is at fixed rates of under 9.5 per cent. Net worth is £65.5m., taking in the revaluation, and the market capitalisation is £70m. at 430p, up more than three times since last year's low.

Chrysler presses ahead with profit sharing

BY PETER CARTWRIGHT, MIDLANDS CORRESPONDENT

ALTHOUGH THE strike at the Chrysler engine factory in Coventry has halted all the company's U.K. car production and made 7,000 idle, the management is pressing ahead with its far-reaching proposals for profit-sharing and employee participation.

These were discussed in London last week at a top level meeting between a union team led by Mr Jack Jones, general secretary of the Transport and General Workers' Union, and management headed by Mr. Gilbert Hunt, chairman of Chrysler (U.K.).

Details of the programme—by which Chrysler hopes to secure 12 months freedom from strikes as well as higher productivity—are being put to-day to full-time union officials and shop stewards representing 27,000 employees in car and commercial vehicle plants in the Coventry, Luton and Linwood (Scotland) areas.

Chrysler's offer, made to try to head off the strike, took employees as well as most of the industry by surprise. Locally it had been thought that a scheme operated successfully at the Avenger car plant at Ryton (Coventry) would be steadily extended to other plants and would mature in due course into full participation.

The scheme was introduced some two years ago after the "shoddy work" strike, a reaction to the disciplining of a group of workers. Some local union officials recognised that in backing their members they were also supporting poor workmanship.

Talks with management resulted in quality and quantity committees, each comprising four representatives from management and the shop floor and they proved invaluable in smothering friction.

The new proposals will link quality and quantity much more firmly at other plants, together with the incentive of profit-sharing for uninterrupted production.

A clear run is vital for Chrysler, which has big contracts with Iran to supply 150,000 engines and transmissions and also 20,000 fully built up Avengers. Demand there is said to be so strong that there are waiting lists of two months.

The men on strike are unlikely to be swayed by the employee participation proposals, although Chrysler is hoping, perhaps, that the plan will drive a wedge between more moderate employees and the 4,000 strikers at the engine plant. Some of those from other factories who will be at Coventry to-day will represent 7,000 already laid off, including 3,000 Scottish workers.

Not far away from the Chrysler plant, 4,500 Massey Ferguson workers have pushed their pay strike into a third week and about 1,500 tractor sets a week—three in four for export—are being lost.

Evidence of the determination to press their claim is to be seen in intensified picketing which is causing more than 200 staff to work from surrounding hotels and others from home.

The one bright spot in the vehicle production picture was the return of 700 staff at Dunlop Engineering after their pay settlement. The strike displaced 2,500 Dunlop and nearly 17,000 British Leyland workers in the Midlands and at Liverpool, all of whom are being recalled progressively from to-day.

BL reveals format of new car division

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

BRITISH LEYLAND's new integrated car division is to have three separate manufacturing organisations for large, medium and small models.

The division will be centred at Coventry, birthplace of the British car industry. But at the same time Coventry's two most celebrated concerns—Jaguar and Triumph—will be totally dismembered under the reorganisation now going ahead, along with Rover.

These are the major points which emerge from the latest batch of appointments made by Mr. Derek Whittaker, managing director of the car division, who has now moved into BL's Coventry offices. BL is hoping to complete the major part of the reorganisation by the end of June at the latest.

The overall structure of the car company is now clear. It has been split into two basic units—the body and assembly division, responsible for panel pressings, body manufacture and final assembly; and the power train and foundry division, responsible for engines, transmissions and foundries.

Already, the sweeping structural changes this is demanding in the 30 or so factories in the car division are taking their toll on management.

Mr. Geoffrey Robinson, managing director of Jaguar, has decided to leave the company because he believes Jaguar should retain its separate identity. The departure of Mr. John Carpenter, sales and marketing director of Rover/Triumph, has highlighted the successful showing of the former Austin/Morris sales team in the new company.

But the next stage of the reconstruction will demand even bigger changes. It envisages:

- A large car organisation made up of Jaguar, Rover, Solihull (including Land-Rover and Range Rover) and Vanden-Plas, London.
- A medium car unit containing the two Cowley, Oxford plants (making the Marina, 1800-2200 Series, and Maxi), plus MG at Abingdon.
- A small car unit made up of the Longbridge, Birmingham assembly plants (Mini and Allegro), and Triumph's operations at both Coventry and Liverpool (sports cars, up to 2500 saloon).
- A body and pressings concern bringing together all the plants scattered around the Midlands and South Wales.

The plan also foresees the development of two main engine and transmission operations, based on Coventry and Birmingham.

Appointments, page 4
Leyland accepts special status for engine tuners Page 7

Weather

U.K. TO-DAY

SUNNY periods after dull start. Some rain in Scotland.

London, S.E., S.W. and Cent. S. England
Sunny periods. Fog at first. Dry. Wind E., light. Max. 17C (63F).

E. Anglia, E. and N.E. England
Cloudy, then sunny intervals. Wind N., then variable, light. Max. 13C (55F).

Channel Islands
Sunny periods. Wind E., light or moderate. Max. 16C (61F).

Midlands, Wales, N.W. and Cent. N. England
Sunny periods, fog at first. Wind variable, light. Max. 17C (63F).

Lakes, I. of Man, Borders, Edinburgh, Dundee, Aberdeen, S.W. Scotland, Glasgow, Cent. Highlands, Moray Firth
Sunny intervals, fog at first. Wind variable, light. Max. 16C (61F).

Orkney, Shetland
Sunny intervals, rain or drizzle later. Wind S., light or moderate. Max. 11C (52F).

N.E. and N.W. Scotland, Argyll, N. Ireland
Bright at first, some rain later. Wind S., light or moderate. Max. 14C (57F).

Outlook: Sunny spells. Rain in N. and E.

Lighting-up: London 21.20, Manchester 21.38, Glasgow 21.58, Belfast 21.58.

BUSINESS CENTRES

		Y'day mid-day °C	°F			Y'day mid-day °C	°F
Amsterdm.	C	11	52	Luxembg.	C	21	70
Athens	F	23	73	Madrid	R	17	63
Bahrain	S	36	97	Manchstr.	C	12	54
Barcelona	S	22	72	Melbourne	S	21	70
Beirut	F	22	72	Milan	S	27	81
Belfast	F	16	61	Montreal	S	22	72
Belgrade	T	25	77	Moscow	S	26	79
Berlin	S	24	75	Munich	S	25	77
Birmghm	C	10	50	Newcastle	C	11	52
Bristol	F	14	57	New York	S	19	66
Brussels	C	16	61	Oslo	C	19	66
Budapest	F	26	79	Paris	C	17	63
B. Aires	S	15	59	Perth	S	21	70
Cairo	S	30	86	Prague	S	25	77
Cardiff	S	15	59	Reykjavik	F	6	43
Cologne	C	19	66	Rio de J'o	S	26	79
Copnhagn.	S	14	57	Rome	S	25	77
Dublin	S	15	59	Singapore	S	30	86
Edinb'gh	F	15	59	Stockholm	S	20	68
Frankfurt	F	25	77	Strasb'rg	C	24	75
Geneva	C	21	70	Sydney	S	24	75
Glasgow	F	16	61	Tel Aviv	S	22	72
Helsinki	S	23	73	Tokyo	C	21	70
H. Kong	C	27	81	Toronto	C	19	66
Jo'burg	S	19	66	Vienna	S	24	75
Lisbon	C	19	66	Warsaw	S	25	77
London	C	11	52	Zurich	S	24	75

HOLIDAY RESORTS

		Y'day mid-day °C	°F			Y'day mid-day °C	°F
Algiers	C	26	79	Jersey	S	14	57
Biarritz	C	15	59	Las Plms.	F	21	70
Blackpool	S	15	59	Locarno	S	24	75
Bordeaux	C	18	64	Majorca	F	27	81
Casablnca	C	19	66	Malaga	C	19	66
Cape Town	S	22	72	Malta	S	21	70
Corfu	S	24	75	Nairobi	F	20	68
Dubrovnik	S	22	72	Naples	S	25	77
Faro	R	17	63	Oporto	C	29	84
Florence	S	27	81	Rhodes	F	23	73
Funchal	S	19	66	Salzburg	S	26	79
Gibraltar	F	20	68	Tangier	C	19	66
Guernsey	S	15	59	Tenerife	C	16	61
Innsbruck	S	25	77	Tunis	S	29	84
Inverness	F	16	61	Valencia	C	19	66
I. of Man	S	15	59	Venice	S	25	77
Istanbul	S	15	59				

S—Sunny. F—Fair. C—Cloudy. R—Rain. T—Thunderstorm.

Money supply lags behind inflation

BY MICHAEL BLANDEN

THE CONTRASTING trends between the two measures of the money supply continued last month with the narrow definition (M1) showing a much faster rate of increase than the wider version (M3).

The difference is mainly due to the sharp rise in bank current accounts in recent months presumably reflecting partly the Government deficit, which are a major part of the total money supply on the narrow definition. This rise is providing the banks with a considerable inflow of funds at a time when the demand for lending remains sluggish, and has been one of the main factors behind their recent cuts in interest rates.

Against this, domestic sterling deposits accounts, which are included in M3, have been static, probably reflecting in part the low overdraft demand as well as some impact from the sharp reductions in the interest rates paid on deposits in the last few months. As a result, the wider definition of money supply has been rising only slowly.

The figures published by the Bank of England to-day show that over the past three-month period to mid-April, M1 has risen by 4 per cent. on a seasonally adjusted basis. This increase, equivalent to an annual rate of around 17 per cent., may slightly under-estimate the basic trend because of the drop in February. Even so, it appears that on this definition the money stock is still rising more slowly than the underlying increase in the cost of living of 21.7 per cent. in the past year.

Over the same three months, money stock on the wider definition showed a seasonally adjusted rise of only 2 per cent., or around 8.25 per cent. a year. While the authorities are tending to play down the significance of the money supply on either measure as an influence on inflation, therefore, it appears that its growth at present is well below the general rate of inflation.

During the four-week period to mid-April, there was a sharp rise in U.K. residents' sterling deposits, mainly accounted for by a £468m. jump in private sector current accounts (after a £194m. rise in the previous month). This contributed to a rise of £527m. in M1, equivalent after seasonal adjustment to an increase of about £320m. or 2.3 per cent.

Foreign currency deposits held by U.K. private sector residents, however, fell back sharply by £347m., more than offsetting the £218m. rise in the previous month which had been due to a temporary shift in the pattern of oil companies' overseas payments. The wider definition of money supply, which includes all domestic sterling and foreign currency deposits, rose by only £162m., or about £60m. (0.2 per cent.) after seasonal adjustment.

Bank lending to the public sector, and particularly the local authorities, rose more sharply than loans to the private sector. The central Government again had a sizeable deficit.

Bank lending to the private sector remained subdued. Lending by the banks and discount houses fell by £47m., equivalent to a rise of £160m. after seasonal adjustment against a similar fall in the previous month.

THE CHANGES IN MONEY SUPPLY
(Seasonally adjusted totals and percentage monthly changes)

1974	M1 £bn.	% change	M3 £bn.	% change
April 17	12.57	+2.5	33.45	+0.1
May 15	12.48	−0.7	33.58	+0.4
June 19	12.38	−0.8	33.52	−0.2
July 17	12.55	+1.4	34.57	+3.1
Aug. 21	12.69	+1.2	34.93	+1.0
Sept. 18	12.71	+0.2	34.98	+0.2
Oct. 16	12.90	+1.4	35.15	+0.5
Nov. 20	13.00	+0.8	35.58	+1.2
Dec. 11	13.22	+1.7	35.83	+0.7
1975				
Jan. 15	13.71	+3.4	35.97	+0.4
Feb. 19	13.67	−0.3	36.28	+0.9
Mar. 19	13.94	+2.0	36.62	+0.9
April 16	14.26	+2.3	36.68	+0.2

M1 includes notes and coins in circulation plus bank current accounts.
M3 includes M1 plus other items, the main one being bank deposit accounts. Source: Bank of England.

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Pressure on pay settlements

got all its ideas straight about the contents of any future package.

There were signs yesterday that if Mr. Jones' idea, which he intends to bring up formally at next month's TUC economic committee, becomes TUC policy it could cause a major rift between manual and craft-based unions at the September TUC Congress.

The first opposition to Mr. Jones' plan came yesterday from Mr. John Lyons of the Power Engineers who described it as "simply another device for clobbering the skilled worker and all those above him." Expressing views which are expected to be echoed by other unions who fear the erosion of traditional pay differentials, Mr. Lyons said he would be writing to TUC general secretary Mr. Len Murray about this "divisive and quite unacceptable formula."

Mr. Lyons, whose members are currently balloting on possible industrial action designed to maintain pay differentials over manual workers in the electricity supply industry, said that a new social contract keeping wage increases strictly within the movement of the cost of living would be widely welcomed provided it was applied fairly and did not try to discriminate.

Qualified support also came from Mr. Alan Fisher, general secretary of the 500,000-member National Union of Public Employees. But Mr. Fisher, whose union is currently involved in moves to re-establish differentials for local government manual workers, spoke of the need for periodic reviews of differentials to ensure that there is sufficient incentive for workers to take on added responsibility associated with promotion.

Mr. Fisher made it clear at the NUPE annual conference that his union would fight plans to cut public expenditure which threatened members' jobs.

To-day the conference is expected to adopt £40 a week as a target minimum wage, likely to form the basis of a 33 per cent. pay demand covering some 1.25m. mainly low-paid workers employed by local authorities and the National Health Service.

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